

WORKFORCE TRAINING AND EDUCATION COORDINATING BOARD  
JUNE 30, 2004

Spokane Community College  
Spokane, Washington

## AGENDA

Time: 8:00 a.m. to 3:00 p.m.

TIME	TOPIC	PRESENTER	DESIRED OUTCOME
8:00-8:10	Welcome/Introductions  Minutes of May 13, 2004, Board Meeting	David Harrison	Get acquainted and review agenda and goals.  Board will act on minutes of May 13, 2004, Board Meeting.
8:10-8:30	Chairperson's Report  Executive Director's Report  <i>Tab 1</i>	David Harrison  Ellen O'Brien Saunders	Board will be updated on current issues of interest and will discuss summer retreat.
8:30-9:15	<i>High Skills, High Wages 2004:</i> Final Action  <i>Tab 2</i>	Bryan Wilson Madeleine Thompson	Board will take final action on 2004 version of <i>High Skills, High Wages</i> .
9:15-9:45	Higher Education Coordinating Board Master Plan  <i>Tab 3</i>	Bryan Wilson Madeleine Thompson	Board will take action on response to the Master Plan of the Higher Education Coordinating Board.
9:45-10:00	Break	All	Refresh
10:00-10:45	Board Briefing on Industry Skill Panels  <i>Tab 4</i>	Pam Lund	Board will be updated on current panels and learn of emerging needs.
10:45-11:15	Workforce Investment Act Adjusted Levels of Performance  <i>Tab 5</i>	Bryan Wilson Carl Wolfhagen	Board will take action on Workforce Investment Act Adjusted Levels of Performance.

TIME	TOPIC	PRESENTER	DESIRED OUTCOME
11:15-12:00	Progress Reports: ➤ Workforce Strategies 2004 ➤ Integrated Performance Information Project ➤ Apprenticeship Expansion Initiative ➤ Drop Out Reduction Initiative ➤ Work Readiness Credential  <i>Tab 6</i>	Ellen O'Brien Saunders Bryan Wilson Pam Lund	Board will be updated on current activities of interest.
12:00-12:45	Lunch	All	Refresh
12:45-2:00	Federal Career and Technical Education Funds Utilization       <i>Tab 7</i>	Ellen O'Brien Saunders Walt Wong Kyra Kester Office of Superintendent of Public Instruction Jim Crabbe State Board for Community and Technical Colleges	Board will learn of the use of federal career and technical education funds in Washington State.
2:00-2:10	Break	All	Refresh
2:10-2:30	Report on Postsecondary Gap  <i>Tab 8</i>	Bryan Wilson	Board will learn of data on the postsecondary gap for the workforce development system.
2:30-3:00	WorkSource System Annual Performance Results  <i>Tab 9</i>	Carl Wolfhagen	Board will learn of the findings for key performance measures for the WorkSource System.
3:00	Meeting Wrap Up and Adjournment	David Harrison	Board will recap its work and the work ahead.



# **TAB 1**

**Washington State Workforce Training and Education Coordinating Board**  
**Minutes of Meeting No. 97**  
**May 13, 2004**

Chair David Harrison called the Workforce Training and Education Coordinating Board (Workforce Board) meeting to order at 8:34 a.m. at the North Olympic Peninsula Skills Center in Port Angeles, Washington. The following board members were present:

David Harrison, Workforce Board Chair  
Asbury Lockett, Business Representative  
Mike Hudson (Alternate for Don Brunell), Business Representative  
John McGinnis, Labor Representative  
Beth Thew, Labor Representative  
Gary Gallwas (Alternate for Sylvia Mundy), Employment Security Department (ESD)  
Kyra Kester (Alternate for Terry Bergeson), Superintendent of Public Instruction (OSPI)  
Jim Crabbe (Alternate for Earl Hale), State Board for Community and Technical Colleges (SBCTC)  
Deb Bingaman (Alternate for Dennis Braddock), Department of Social and Health Services (DSHS)  
Ellen O'Brien Saunders, Executive Director

**Welcome and Introductions**

Mr. David Harrison welcomed the Board and guests and introductions were made. Mr. Clyde Rasmussen, Director of the North Olympic Peninsula Skills Center, welcomed the Board to Port Angeles and the Skill Center.

**Minutes of Board Meeting of Meeting No. 96 – March 25, 2004**

Mr. Harrison presented the minutes from the March 25, 2004, Workforce Board meeting. Mr. Jim Crabbe noted that the information shared on the legislative funding increases was incomplete, and provided clarification.

**Motion 04-97-01**

A motion was made by Mr. Mike Hudson and seconded by Ms. Beth Thew that the Workforce Board minutes of March 25, 2004, be approved with the clarification from Mr. Crabbe noted above. The motion passed.

**Chair's Report**

Mr. Harrison reported on the May 6, 2004, meeting with the Workforce Development Council (WDC) Chairs that he and Ms. Ellen O'Brien Saunders attended. There was good discussion at the meeting and the chairs raised several questions for staff to follow up on.

The public awareness initiative on the high school dropout rate has begun with meetings of partner agencies and organizations. There will be a coordination of further work on this with the release of the new graduation rate number by OSPI in the summer.

Mr. Hudson reported on the Workforce Innovations Now (WINS) project. Washington is one of three states piloting a project. One of the activities includes the development of a database of employers interested in serving on workforce development boards, councils, and committees. Mr. Hudson also reported on the Association of Washington Business' (AWB) updated website.

### **Executive Director's Report**

Ms. Saunders introduced the agency operating budget materials under Tab 1 and noted that the 2003-05 agency Strategic Plan that is included in the tab has not been updated for Fiscal Year 2005, but the changes are minor. Mr. Harrison asked Ms. Saunders if there is staff capacity to complete the tasks that are assigned in the Strategic Plan. She noted that staff work very hard to accomplish the work of the agency. Mr. John McGinnis asked about the budget difference from last year.

### **Motion 04-97-02**

A motion was made by Ms. Thew and seconded by Mr. Gary Gallwas that the Workforce Board Operating Budget for Fiscal Year 2005 be adopted. The motion passed.

Ms. Saunders reported on the Washington Award for Vocational Excellence 20<sup>th</sup> Anniversary events in Moses Lake and Tacoma and noted that a number of Board members and other guests will be in attendance.

The June 30, 2004, Workforce Board meeting in Spokane will have as a major action item the adoption on *High Skills, High Wages: Washington's Strategic Plan for Workforce Development 2004*. This meeting will also include planning for the Board Retreat in August.

Ms. Saunders spoke about the Section 503 incentive awards for this year and noted that Washington State was determined to be not eligible to receive an award this time due to the discrepancy in how the Department of Education (DOE) calculates the targets. The statute allows states to measure by "percentage or number," but DOE only accepts percentages. If DOE accepted Washington's numeric measure for postsecondary vocational and technical education, then Washington would have qualified for an incentive award. We are consulting with the Office of the Attorney General on how to proceed with our request for reconsideration. Mr. Bryan Wilson also noted an error in the Federal Register notice, on incentive eligibility for Workforce Investment Act (WIA) Title I. The notice reported incorrectly that Washington State had not met its WIA Title I targets. Washington did in fact meet the targets for WIA Title I.

Ms. Saunders noted that the Dropout Prevention and Intervention Initiative will focus on school districts with low graduation rates, leveraging Basic Education Act dollars and WIA funds. Mr. Asbury Lockett commented that he would like the proposals to be clear on the number of students planned to be served. Ms. Kester said that we are looking at potential solutions to the drop out issue, and that this initiative is more like a piloting exercise. She wants it to be clear that this is a complex issue with no single solution. Mr. Harrison noted that it is possible to ask the Department of Labor for money to work on this as well.

## **Workforce Investment Act 10 Percent Funds – Budget Priorities for Program Year 2004**

Mr. Wilson presented the recommendations on the uses for the WIA 10 Percent Funds for the Board's consideration. He noted that the role of the Board is to make recommendations to the Governor who will make the final decision on the use of the funds. At the March 25, 2004, Workforce Board meeting, the Board learned that the WIA Title I allocation will be 6.6 percent less than expected. Since that meeting, ESD has adjusted carry forward dollars to make up for this shortfall. Mr. Wilson also noted that some of the 10 percent money has already been committed by the Governor and there are also certain required activities that appear in this tab.

Mr. Hudson inquired whether there would be more local control of the distribution of these funds. Mr. Wilson responded that when it comes time to allocate the funds we can look at more flexibility in the distribution of funds. Mr. Gallwas added that we need to set up a framework for input on how to spend the money and he encouraged Mr. Harrison to continue his discussions with the WDC chairs on this topic.

### **Motion 04-97-03**

A motion was made by Mr. Hudson and seconded by Mr. Gallwas to adopt the motion as presented. The motion passed.

## ***Workforce Training Results 2004***

Mr. John Bauer presented materials summarizing findings from the fifth biennial outcome evaluation of Washington State's workforce development system. At the March 25, 2004, Workforce Board meeting, the Board received information on the first seven programs. At this meeting, the Board learned about findings from the division of Adult Basic Education (ABE), Division of Vocational Rehabilitation (DVR), Department of Services for the Blind (DSB), and Secondary Career and Technical Education programs. The report focuses on outcomes for participants who left programs from July of 2001 through June of 2002. Mr. Bauer noted that the economic conditions for exiters in 2001 and 2002 were depressed, so this affected the results.

Board members discussed the results for ABE and how to meet training needs and what resources are needed to do that. Mr. Wilson noted that the major implication is that if people are trying to improve their job, ABE without occupational skills training is not going to help that much. This problem points to the need to combine ABE with other training for better overall results for participants. Mr. Harrison asked that the Board come back to this issue at some point.

The most important change for DVR that has occurred since the last evaluation is the adoption of the order of selection. This is when money is limited, the clients served are the ones with the most severe disability. This change in policy has had a negative impact on employment and earnings for this program. Ms. Patti Stoneman Lowe of DVR noted that those clients who have had their needs met are more satisfied than previously. Of note in DSB results is a large difference between those that self-report employment (70 percent) and what ESD reports for employment (41 percent). It is not currently known why such a large difference exists.

Mr. Bauer also responded to a number of additional research items and policy issues that the Board identified at the March 25 Board meeting. Of particular note was the question on industry of employment. Mr. Harrison asked for more detail on this and for more communication from staff to the Board on what they see as actionable items.

### **Workforce Development Council Certifications for 2004-06**

Ms. Pam Lund introduced the material in tab 4 regarding certification of the WDC for 2004-06. The Board committee met in April to review the council certification applications and concluded that the 11 applications satisfied the Governor's certification criteria. It is expected that the review of the Southwest WDC application will be completed by mid June.

Ms. Lund also noted that the Board certification committee requested additional data on the diversity of council membership. Ms. Lund provided this information and noted that the councils are working toward increasing membership diversity. Mr. Harrison said that the letter to the Governor recommending his certification for the councils can include a note about diversity. Ms. Thew noted that Spokane Area WDC has actively recruited in these categories but there often is only a small number of people available to serve in some communities. Board members discussed this issues, including the sensitivity of asking people to serve on a council just to "fill in a box."

Mr. Harrison will include a note about diversity in the letters for the Governor to send to the councils. Mr. Harrison also committed to: discussing this issue with the WDC chairs when he meets with them again in November; asking Mr. Hudson to include this data in the WINS database; working with partner agencies on this issue; asking Board members to raise the issue with councils when they visit; and provide technical assistance to councils along with partner agencies.

Another issue has emerged with Benton-Franklin WDC requiring discussion by the Board. The council chair has changed jobs and does not meet the requirement of a business chair. Staff will discuss this with the WDC to clarify this requirement and the solution.

### **Motion 04-97-04**

A motion was made by Mr. Crabbe and seconded by Ms. Kester to adopt the revised motion to forward recommendations to the Governor to approval after council appointments are complete, that the committee recommend to certify the Southwest Washington WDC and the Benton-Franklin WDC once it is determined that they meet the council criteria, and that a discussion will be held with local leaders to identify work needed to increase diversity on local councils. The motion passed.

### ***High Skills, High Wages: Washington's Strategic Plan for Workforce Development 2004***

Mr. Wilson and Ms. Madeleine Thompson presented information to the Board on the draft of *High Skills, High Wages: Washington's Strategic Plan for Workforce Development 2004*. The Systems chapter update does not have many changes. Mr. Wilson noted that operating agencies should review the language that describes the programs and alert Board staff if there are changes.

Mr. Wilson also noted a hole in the Performance Accountability chapter in the area of targets for Years 4 and 5 of ABE and will meet with SBCTC staff prior to the final preparation of this chapter to provide targets.

The focus of the Board discussion was the Agenda for Action chapter. Ms. Thompson spoke about the feedback from the public forums and the high level of engagement of the participants. There are some suggested changes to include more focus on migrant/seasonal farmworkers, mature and retired workers, access to technology at WorkSource Centers for individuals with disabilities, incentives for employers to provide customized training, and adult basic skills and WorkFirst collaboration that is needed.

Mr. Gallwas and Ms. Kester both asked for clarification as to whether additional work is needed by the agencies to address some of the issues raised. Ms. Kester suggested that for now, the Board stay with correcting errors of fact or clarification in the document and not advocate for policy change. Ms. Thew noted that those who came and gave feedback should be recognized that the Board heard their comments. Mr. Wilson suggested that staff could develop a proposal on how to address the suggested changes. The Board supported this approach and Ms. Saunders added that staff can highlight how the issues have been dealt with when it comes for final action in June.

Mr. Wilson discussed the prioritization of objectives and strategies that will be included in the publication. The Interagency Committee discussed this and the consensus was that there is concern with trying to do a short list that may leave things out, so the tendency is to build a long list. Ms. Kester expressed concern about presenting this so as not to imply by prioritizing these change issues, the other work will go away; i.e., imply that reductions will be made to other programs to support these objectives and strategies. The Board discussed the verbiage for this, including changing the term “priorities” to “opportunities for change” or something similar. Staff will work on this wording change.

Ms. Thew noted that the trend for expanding apprenticeship opportunities towards non-traditional apprenticeships is missing. Ms. Thompson responded that this could be added.

### **Moment of Silence**

The Board observed a moment of silence to acknowledge worker safety and the recent loss of a Washington State worker who was killed on the job.

### **Carl D. Perkins Vocational and Technical Education Act – Program Year 2004 Federal Funds Distribution**

Mr. Walter Wong presented information to the Board on the distribution of federal career and technical education funds. Included in this tab are a matrix of the funding distribution and a planning schedule for anticipated work on future planning efforts for the Carl Perkins Act. The final allotments from the DOE have been received, which reflect a two percent increase. Ms. Kester asked for a further discussion of the use of the funds at the June Workforce Board meeting.

### **Motion 04-97-05**

A motion was made by Mr. Crabbe and seconded by Mr. Hudson to approve the distribution of Program Year 2004 Federal Vocational Education Funds and enter into agreements with partner agencies to distribute funds according to the matrix, and to adopt the advance planning schedule for future planning of federal career and technical education funds. The motion passed.


### **Higher Education Coordinating Board 2004 Strategic Master Plan for Higher Education**

Dr. James Sulton, Director of the Higher Education Coordinating Board (HECB), presented information to the Board on the HECB 2004 Strategic Master Plan for Higher Education and solicited feedback from the Board. Dr. Sulton noted that the HECB is working on a number of policy proposals that will go out to the public for review soon prior to finalizing the plan. The policy proposals will be presented to the HECB next week and then they will conduct public hearings. The HECB will act to adopt a final plan on July 22 and publish the plan in late summer.

Mr. Harrison invited Dr. Sulton to look at how the Workforce Board has used our data to guide our policy decisions on issues of performance and accountability as they are developing their plan. Mr. Harrison also noted that the Workforce Board has been an advocate for driving capacity to high demand fields and is hoping that the four year colleges will recognize the capacity issue around the need for two year technical degrees in the future. Mr. McGinnis noted that he is pleased to hear that the HECB is recognizing some gaps in their system. He has concerns about the policy proposal on flexibility for branch campuses and community and technical colleges (CTCs) possibility turning CTCs into academic institutions only instead of using resources for vocational training.

Ms. Saunders asked Dr. Sulton how the Workforce Board should interact with the HECB on providing feedback. She suggested that staff here do some analysis on the policy papers and have informal discussions with the HECB. Dr. Sulton noted that the June 30, 2004, Workforce Board meeting will be timely for providing official feedback as well.

The meeting adjourned at 3:33 p.m.

  
Ellen O'Brien Saunders, Secretary

**WASHINGTON STATE  
WORKFORCE TRAINING AND EDUCATION COORDINATING BOARD**

**SCHEDULE OF WORKFORCE DEVELOPMENT COUNCIL VISITS 2004**

<b>Workforce Development Council</b>	<b>Board Member or Representative</b>	<b>Dates Scheduled</b>
Benton-Franklin	David Harrison	7/27
Eastern Washington Partnership	Beth Thew	2/26
North Central	David Harrison	To be scheduled
Northwest	Jim Crabbe	8/25
Olympic	Julianne Hanner	9/14
Pacific Mountain	Sylvia Mundy	6/10
Seattle-King County	Asbury Lockett	6/18
Southwest Washington	Rick Bender	9/8
Snohomish County	Tony Lee	11/2
Spokane County		To be scheduled
Tacoma-Pierce County	John McGinnis	To be scheduled (WDC meets 3 <sup>rd</sup> Thursday of each month)
Tri-County	Mike Hudson	8/10



Interagency Committee  
Meeting Notes for June 10, 2004

Attending: Patti Stoneman-Lowe (DVR); Gary Kamimura (ESD); Jim Crabbe (SBCTC); Patrick Woods, Elizabeth Smith (L&I/Specialty Compliance Services); Steve Frazier (WWA); Randy Loomans (WSLC); Ellen O'Brien Saunders, Bryan Wilson, Pam Lund, Walt Wong, and Madeleine Thompson (Workforce Board).

**Draft June 30, 2004, Workforce Board Meeting Agenda**

Ellen discussed the draft agenda for the June 30, 2004, Workforce Board meeting and the group discussed selected items:

- WorkSource System Annual Performance Results – this is the second annual report of outcomes for all participants, using WIA Title I measures plus state core indicators and a few WorkSource specific indicators. The plan notes that once we have a baseline, we will set targets.
- Postsecondary Gap – this will review the number of newly prepared workers coming out of programs against job openings. Also, for the community college system, there is an estimate of how many FTE enrollments are needed to meet the demand.

**2004 System Building Assessments**

The assessment is in two parts: (1) state and local partners; and (2) survey of all Workforce Development Council members. The Workforce Board will have another survey out this summer. The IC discussed characteristics identified from the most recent survey where little progress has been perceived, and what characteristics on the list the agencies may affect. One in particular on “Programs are well-informed about new policies and practices of partner programs” generated discussion on how to improve. Jim suggested a website where programs are listed and linked. Another suggestion was to include links to other agencies as a regular feature at the bottom of the Workforce Board newsletter. Steve noted that characteristic number 2 on state agencies the and local councils collaborating in planning) also provided an opportunity for improvement.

***High Skills, High Wages 2004 – Review of Draft***

Madeleine Thompson led the IC through the changes that were made to the draft publication following feedback from stakeholders and the Board. Patrick made suggestions for highlighting successes in the area of apprenticeship. Patti also suggested adding information about assistive technology and will provide Madeleine with language. Madeleine also noted that there is some mention of this under Goal 4.

**Integrated Performance Information Project**

Bryan spoke about the progress of the Integrated Performance Information (IPI) project and the recent meeting of state teams in Seattle. The multi-state group came to consensus on the eight top measures for the workforce development system. The next step is the write up of the “Blueprint” guide for states. In the fall, there will be two institutes (Boston and Chicago) to beta test the Blueprint and provide technical assistance to the other states. The Blueprint is expected to be final by the end of the calendar year, with more dissemination of the product next year. The product will also be shared with congressional staff.

# TAB 2

**WASHINGTON STATE  
WORKFORCE TRAINING AND EDUCATION COORDINATING BOARD  
MEETING NO. 98  
JUNE 30, 2004**

**HIGH SKILLS, HIGH WAGES: WASHINGTON'S STRATEGIC PLAN FOR  
WORKFORCE DEVELOPMENT**

This tab contains the final draft of *High Skills, High Wages: Washington's Strategic Plan for Workforce Development* for the Board's approval. There are five chapters in all.

- ❖ Chapter One is *Washington's Economy*. The Board has not previously seen this chapter, although a PowerPoint was presented at the March meeting.
- ❖ Chapter Two is *Our Changing Labor Force*. There are no changes since the paper was presented at Workforce Strategies 2003 conference in fall 2003.
- ❖ Chapter Three is *Washington's Workforce Development System Today*. The Board reviewed this chapter at the May meeting. The only substantive change is the addition of the number of WorkSource Centers and affiliates.
- ❖ Chapter Four is *Performance Accountability*. The Board reviewed this chapter at the May meeting. The only change is the addition of performance results and targets for adult basic skills education. The targets are for a two percent increase in performance.
- ❖ Chapter Five is *Our Agenda for Action*. The substantive changes that have been made from the version that was sent out for public review are shaded.

Both chapter four and chapter five contain some old numbers (shaded) that will be updated before the document is sent to the printer.

**Board Action Requested:** Adoption of the recommended motion.

## **RECOMMENDED MOTION**

**WHEREAS,** The Workforce Training and Education Coordinating Board has the assignment of developing and maintaining a strategic comprehensive plan for workforce development. The plan is to be updated every two years; and

**WHEREAS,** In developing the plan the Workforce Training and Education Coordinating Board considered changes in the economy and the demographics of the labor force, and the current workforce development system and its results; and

**WHEREAS,** The Workforce Training and Education Coordinating Board conducted an extensive public review process to enable all interested parties to offer input into the development of the 2004 plan; and

**WHEREAS,** The Workforce Training and Education Coordinating Board's interagency committee has also discussed and helped shape the plan's agenda for action setting forth goals, objectives, and strategies.

**THEREFORE BE IT RESOLVED,** The Workforce Training and Education Coordinating Board adopts the 2004 edition of *High Skills, High Wages: Washington's Strategic Plan for Workforce Development*.

## TOMORROW'S ECONOMY

### *High Wages for the High Skilled*

Our new economy is knowledge-based, and many of the fastest growing, best paying jobs are technical. The majority of family-wage jobs created in Washington will require postsecondary education; they won't, however, necessarily require a four-year degree.

The growing need for well-educated workers has been fueled, in part, by profound changes in the workplace. Technological change and globalization have skewed labor demand toward the more highly skilled. Employers have invested heavily in technology, especially information technology and high-performance work practices such as teaming and continuous improvement. These changes flourish only where there are highly skilled workers. If Washington wants its citizens to enjoy high paying jobs, it must prepare people to use current and emerging technologies and function effectively in high-performance workplaces.

Global competition is intensifying, and the outsourcing of white-collar knowledge work overseas has raised concerns about our future. Economists believe, however, that our economy will continue to generate good jobs—the problem is that too few Americans are receiving the education and training required to take advantage of new opportunities.

Even during the recent economic downturn, employers reported a shortage of job applicants with the skills required for the contemporary workplace. When the labor market strengthens, these skills shortages will become even more severe. The state's workforce training and education system faces the challenge of preparing enough workers with the kinds of skills employers are looking for.

Education and training are key ingredients to economic growth and competitiveness. Our willingness to invest in educating and training our people will largely determine the long-term rate of growth for Washington's economy. These investments will also help to narrow the wide gap in earnings that has arisen across workers with different skill levels.

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“The main engine of growth is the accumulation of human capital—of knowledge—and the main source of differences in living standards among nations is differences in human capital.” Robert Lucas, Nobel Laureate in economics<sup>1</sup>

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## ***Productivity Surges and the ‘Jobless’ Recovery***

The recession of 2001 was relatively short-lived, and economic growth has resumed. The nation’s economy has been producing more goods and services, but, as of the spring of 2004, it’s been doing so without creating many new jobs. An unusually high rate of productivity growth (increases in output per worker) has allowed output to increase while employment has not.

After having grown slowly for two decades, robust productivity growth returned during the later half of the 1990s; productivity grew by an annual rate of 2.5 percent from 1996 to 2000 and 2.1 percent during 2001. This turnaround in productivity growth led some economists to argue that investments in computers, software, telecommunications, and other high tech products had created a prosperous ‘New Economy,’ where rapid income and productivity growth could be sustained.

The rate at which productivity has been growing during this economic recovery—5 percent during 2002 and 4.4 percent in 2003—is, however, not sustainable. Productivity has surged as plants have laid off workers and closed inefficient operations. Firms will eventually have to hire more workers in order to produce more goods and services, but when this will happen has proved difficult to predict. Increased pressures to keep costs low, stiffer global competition, soaring costs of health-care benefits, and economic and political uncertainty have made businesses reluctant to hire.<sup>2</sup>

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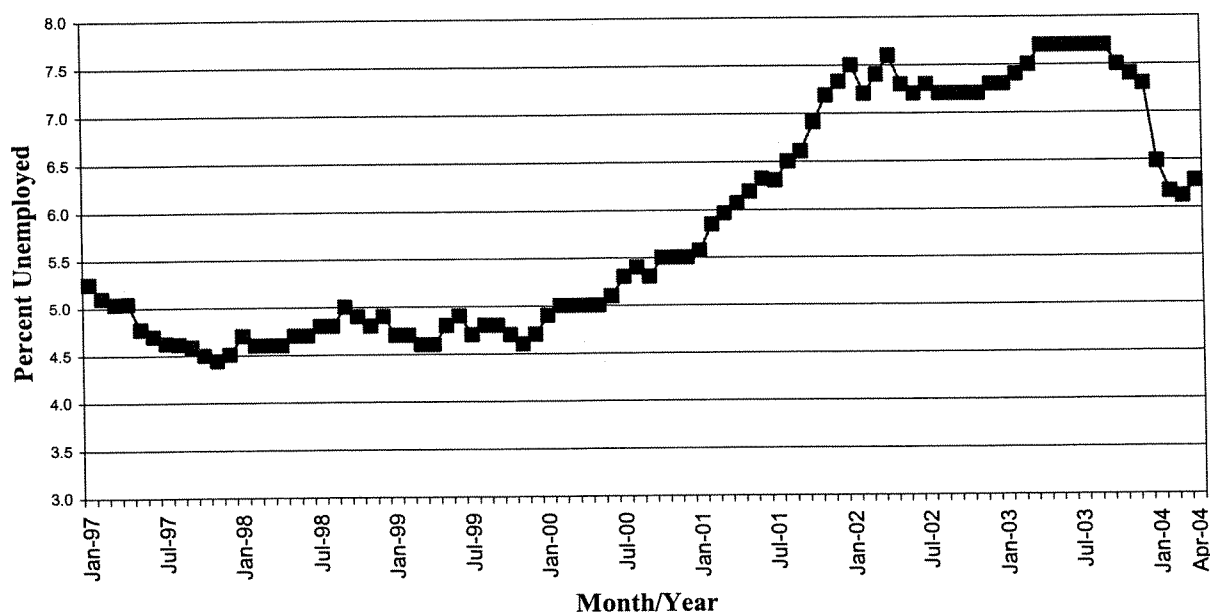
“Measured by Gross Domestic Product<sup>3</sup> (GDP) growth alone, the U.S. economy is in robust health. GDP growth approached 6.5 percent in the second half of the year, the best half-year performance in nearly two decades. Inflation is dormant, interest rates are low, productivity is surging, profits are strong, exports are on the rise, the stock market is approaching a two-year high, and the unemployment rate, at 5.7 percent in December, is only a tick above its long-term average of 5.6 percent. Only one critical element is absent—new jobs.” Washington State Office of the Forecast Council, February 2004<sup>4</sup>

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## ***The Business Cycle and Washington’s Labor Market***

Washington State’s economy was especially hard hit by the last recession. The ‘dot-com’ collapse and declines in the construction sector were exceptionally severe in our state. Moreover, layoffs in aerospace have impeded recovery. Total nonagricultural employment declined in 2001 and 2002; employment stabilized in 2003, and by early 2004 there were signs of recovery in the labor market. The unemployment rate declined during the first part of 2004, and as of April employment increased by 1.8 percent on an annual basis. According to recently published forecasts, employment growth is expected to be stronger in 2005.<sup>5</sup>

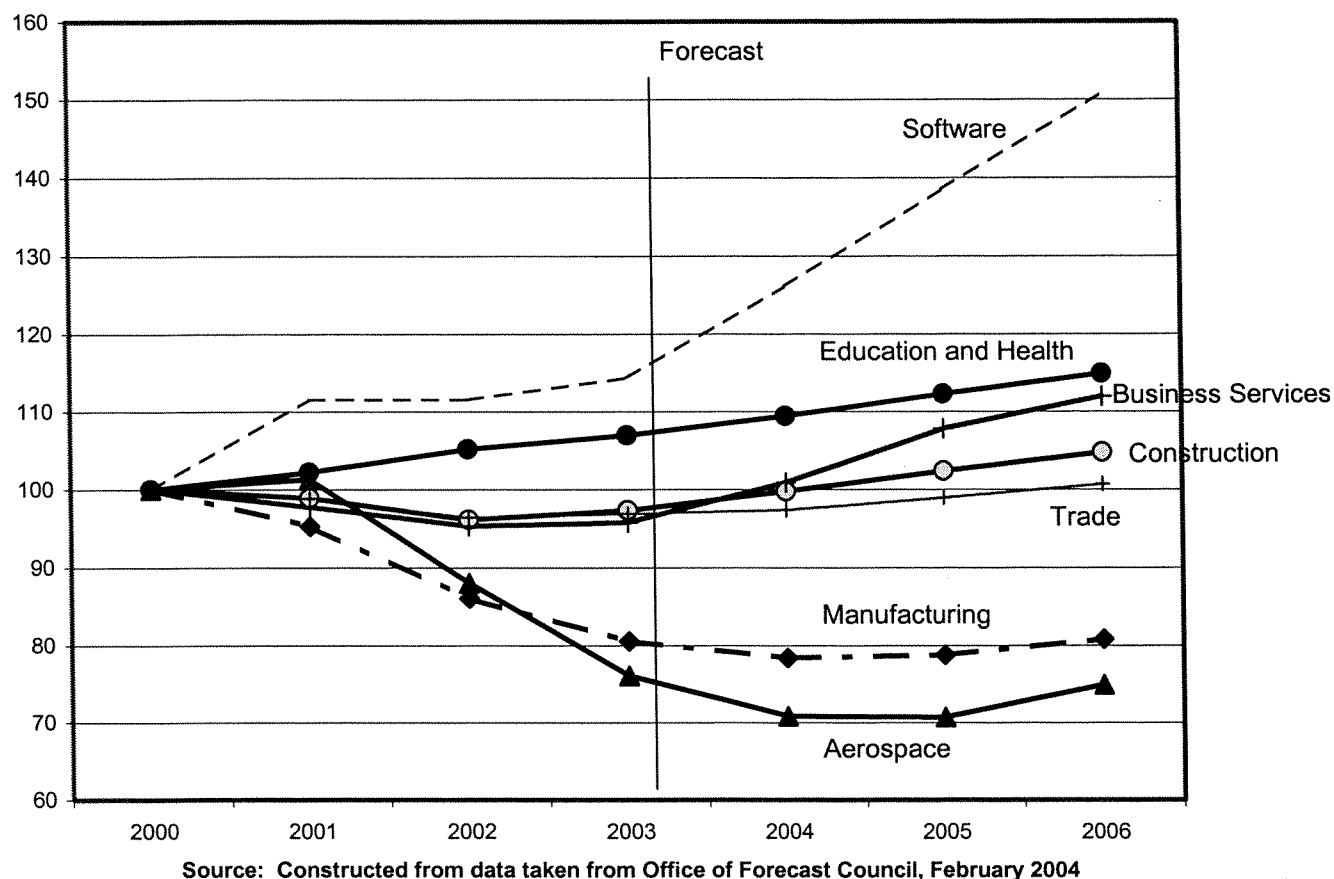
**Figure 1. Unemployment Rate In Washington State (Seasonally Adjusted)**



Since 2001, job losses have been most severe in manufacturing, led by declines in aerospace (Figure 2). Washington has lost almost 26,000 aerospace jobs since the attacks of September 11, 2001. Manufacturing employment is expected to stabilize over the next few years—but employment will likely remain far below pre-recession levels. Employment in trade, construction, and business services (especially temporary employment services and computer systems design) declined during the recession. These sectors, however, are expected to recover as the economy strengthens.

Although the overall labor market has been weak, there have been areas of strength. Employment in financial activities (not shown in the figure), education and, especially, health services increased throughout the recession and ‘jobless’ recovery. Moreover, double-digit employment growth has resumed in software publishing. Employment should continue to grow rapidly in these sectors.

**Figure 2. Employment Indices by Industry (2000 employment=100)**



### ***Long-Run Trends Increase Skill Requirements***

Long-term economic trends—pervasive technological change and increasing globalization—will continue to skew labor demand toward the more highly skilled. Keeping up with this demand will pose stiff challenges for both our economic competitiveness and social cohesion.

### ***Technological Change***

Massive investments in new technologies have increased the demand for highly skilled workers in all sectors of the economy. In 1999, the U.S. Department of Labor examined the extent of skill upgrading in the U.S. economy.<sup>6</sup> Average skill levels were found to have increased significantly during the 1990s, and occupational upgrading within industries was the primary source of skill change. There were substantial skill shifts both among broad occupational groups (e.g., technical workers have replaced laborers) and shifts within broad occupational groups (e.g., secretaries have become administrative assistants who perform more complex word processing instead of typing).



Workers in nearly every field have had to learn new skills as they have incorporated computers into their jobs. Machine tool operators make parts using computer-controlled machines. Forklift operators in factories use computerized inventory locating devices. Cars, traffic lights, heating and cooling systems, hospitals, machine shops—all have become computerized. About half of all non-supervisory employees in Washington currently use computers in their jobs.<sup>7</sup>

Employees must not only become familiar with new, highly sophisticated machines, they must learn, and often design, whole new organizational processes associated with those machines. Many U.S. manufacturers have reduced the number of supervisors in their factories and given workers greater responsibility for ensuring quality, redesigning manufacturing processes, and improving the products themselves. The adoption of ‘high-performance work organization’ practices has increased skill requirements. When surveyed in 2003, 29 percent of Washington employers indicated they had a formal continuous quality improvement program in place. Higher percentages of employers are using other high-performance practices such as cross training employees to do a number of jobs (85 percent), self-managed work teams (47 percent), and benchmarking their results against other firms (47 percent). As a result, half of employers reported that the skills required to adequately perform production or support jobs has increased over the last three years.<sup>8</sup>

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“Relentless advances in technology have infused every aspect of manufacturing—from design and production to inventory management, delivery and service. Today’s manufacturing jobs are technology jobs, and employees at all levels must have the wide range of skills required to respond to the demands of an increasingly complex environment.”  
National Association of Manufacturers and Deloitte & Touche<sup>9</sup>

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### ***Globalization***

Washington, more than any other state, relies on foreign trade, and our exporters have continued to do well despite the recession. Our businesses know the advantages offered by a global marketplace. We sell our apples to Russia, our forest products to Japan, and our airplanes and software to the world. But as opportunities to sell to other countries have increased, so have other countries’ opportunities to make the very things we sell. And it’s not simply a case of using low wage, unskilled labor to mass produce inexpensive standard products. Foreign countries are increasingly able to offer highly skilled alternatives to using American workers.

Outsourcing work overseas is not new; it’s been going on in manufacturing for decades. The recent wave of outsourcing white collar knowledge work overseas, however, has raised new concerns; high skill jobs, which were supposed to represent our future, are being lost to countries that have already taken over low skill factory work.<sup>10</sup>

No one knows the extent to which firms currently send work offshore, and it’s difficult to know how widespread it will become. The government does not track offshoring and firms are naturally reluctant to disclose information about it. Still, the practice appears to be on the rise. The most often cited estimate, made by Forrester Research in 2002, is that the U.S. will lose a

total of 3.3 million service jobs to offshoring between 2000 and 2015, or about 220,000 a year. Another consulting firm, AMR Research, estimated that 20 percent of manufacturers and financial-services companies have outsourced some IT work overseas and predicted that the percentage will double in the next two years.

Firms outsource overseas to take advantage of substantially lower wages for engineers and IT workers. Improved communications (fiber optics and the Internet) and spread of PCs has allowed them to do so. The cost of a programmer with three to five years of experience, for example, is \$56 per hour in the U.S. and only \$12.50 in China, including salary and benefits. Actual cost savings are less than the wage differentials, because of higher management costs. Still, the potential savings can be large. IBM, for example, expects to save \$168 million annually by moving programming jobs overseas.<sup>11</sup>

Given these substantial incentives, will there still be good jobs left in U.S.? Most economists think so. First, many jobs are not at risk of being outsourced. According to Frank Levy, an economist at the Massachusetts Institute of Technology, "If you can describe a job precisely, or write rules for doing it, it's unlikely to survive. Either we'll program a computer to do it, or we'll teach a foreigner to do it." Jobs that require more complex skills or physical contact, on the other hand, will stay.<sup>12</sup>

Robert Reich, the former Secretary of Labor, believes that potential quality control problems and concerns over intellectual property theft will limit outsourcing overseas. He also argues that the total number of high tech jobs will increase rapidly. "Even as the supply of workers around the world capable of high-tech innovation increases, the demand for innovative people is increasing at an even faster pace."<sup>13</sup>

Finally, while some jobs in the U.S. are lost to globalization, others are created. Firms that send jobs overseas still generate employment in the U.S. Intel has added 1,000 software engineers in China and India over the last two years, but it has added even more in the U.S. IBM plans to transfer 3,000 jobs overseas, but it also intends to add 4,500 employees this year in the U.S., including programmers and software designers.<sup>14</sup> Foreign firms have also been creating jobs for American workers. Between 1977 and 2001, U.S. employment by foreign companies operating in the U.S. increased by 4.7 million; during this same period employment by affiliates of American companies operating overseas increased by 2.8 million.<sup>15</sup>

Foreign firms currently employ about 93,600 workers in Washington State<sup>16</sup> and these are increasing at a rate of about 10 percent a year.

Does the loss of knowledge-based jobs overseas lessen the need for education and training at home? Again, economists think not. In fact, workers will need to acquire even greater skills. Jagdish Bhagwati, a prominent economist at Columbia University, argues that the "anxiety about outsourcing is not a bad thing, as long as it forces you to make the right choices. You have to move on and upgrade your skills. We have no choice."<sup>17</sup> Robert Reich thinks that there will be plenty of good jobs in the future, but that too few Americans are being prepared for them. As a result, the wage gap among U.S. workers will widen. Still, Frank Levy cautions that education is at best a long-term solution. Over the next five or ten years, better schools, more education, and training will not stop outsourcing, trade, and technology from widening the wage gap.<sup>18</sup>

### ***Good Opportunities in Washington's Traditional Industries are Shrinking***

For years, Washington's resource-based economy was able to provide high paying jobs with benefits to workers with only a high school education. Our forests and factories provided a living wage to loggers and production workers. Now these traditional sources of high-wage work are either shrinking or have limited prospects for growth. Industrial restructuring, the long-term rise and fall of industries, coupled with technological changes within industries have created a serious dislocated worker problem in our state.

Much of the job loss during the past few years has been due to the economic downturn and will be reversed. However, employment declines in some sectors started before the last recession and will persist. An Employment Security Department (ESD) study examined the extent to which employment trends are cyclical (i.e., caused by the business cycle) or structural (i.e., related to permanent changes in demand and supply, technological change or foreign competition).<sup>19</sup> Much of the employment decline in manufacturing is structural, and it will, unfortunately, continue. Trends vary within the sector, however, and not all manufacturing industries are in structural decline. Industries such as chemicals, fabricated metal products, and machinery are cyclical, and their employment levels should rebound with better economic conditions. Employment in electrical equipment manufacturing has been growing.

Sectors that exhibit structurally increasing employment in Washington are professional and technical services (including computer systems design), information (including software publishing), and healthcare. Employment in retail trade, finance and construction is largely cyclical.

### ***Scarcity of Skilled Workers and the Increasing Gap Between the Haves and the Have Nots***

Starting in the mid-1970s income inequality in America worsened, and studies suggest that pervasive technological change is the culprit. The demand for highly skilled workers in all sectors of the economy has increased rapidly. Supply has not kept up with demand, and the earnings gap between more educated and less educated workers has widened dramatically.

Living standards and quality of life deteriorated for many Americans during the 1980s. Washington did not escape the national trend. Statewide, real average wages declined by 8.8 percent between 1979 and 1989. The trend reversed after 1989, but it was not until 1997 that real average wages fully recovered and rose above their 1979 level.<sup>20</sup>

During the period of declining average earnings, it was the less educated workers who suffered the greatest losses. From 1979 to 1989, real wages for Washington workers without a high school education fell 27 percent.<sup>21</sup> The real wages of workers with a high school degree, but no postsecondary education, dropped 12 percent. Having a two- or four-year college education moderated the decline, but real wages still fell by 4 and 5 percent, respectively. In contrast, those with a professional or doctoral degree found their real wages increasing 18 percent.

Hourly wages have increased in real terms in Washington from 1990 to 2002. While wages have increased across the board, the increase was much greater at the upper end, and the distribution of wages has grown more unequal. In 1990, the ratio of the average wage of the top 10 percent of jobs to the bottom 10 percent of jobs was 7.6. The ratio peaked at 12.4 in 2000, before declining to 10.1 in 2002. The recent decline in this ratio was due to a fall in stock options among computer services workers. The rise (and fall) of wages in computer services has contributed substantially to trends in the distribution of earnings.<sup>22</sup>

A recent study examined wage progression among Washington workers who were employed in both 1997 and 2002. Wage gains were typically smaller for those who had low wages in 1997. “Wage progression for lower-wage workers is often very slow, and often not enough to move them into a position to be economically independent, particularly if they were in a single-income household. Most of the workers that made the most progress changed industries, leaving low-wage industries such as food services and agriculture for higher-wage industries.”<sup>23</sup>

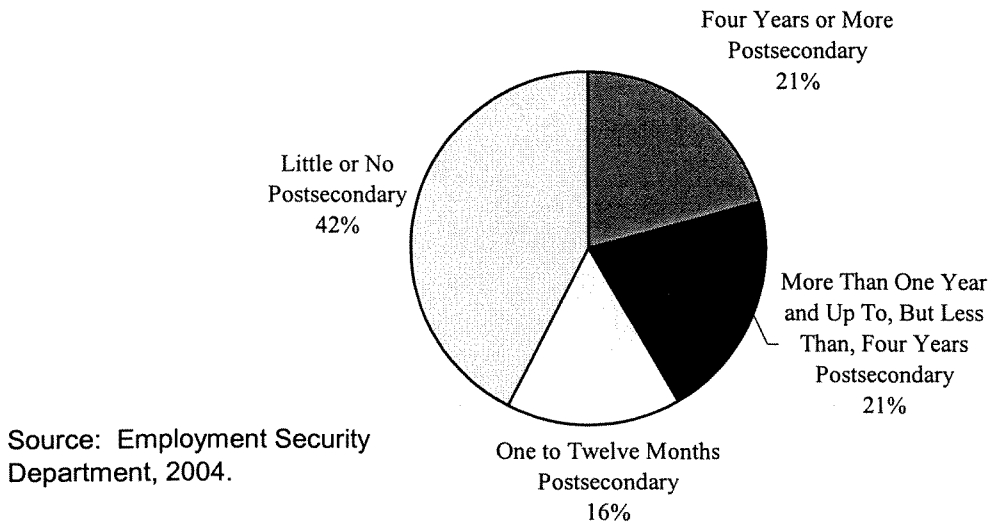
Too many of our citizens are economically disadvantaged. The *2002 Washington Population Survey* suggests that over 601,000 people age 21 or older, or 14 percent of the adults in the state, have household incomes below 175 percent of the poverty line. These adults tend to be less well educated than the general population; roughly a quarter do not have a high school diploma. One in every five is Hispanic. Over half (53 percent) are working.

### ***Where will the jobs be?***

The economic future is not bright for workers entering jobs requiring little or no training. There will be jobs, but not good ones. Consider occupations that require less than a high school education, a high school diploma, or up to but less than one month of postsecondary training. Although Washington’s economy is expected to have about 56,000 annual job openings (i.e., new jobs due to growth and openings due to replacement) in these occupations through 2012, these won’t be the kinds of jobs that helped loggers and production workers prosper.<sup>24</sup> They will be low-wage jobs serving food, cleaning offices, and unloading trucks.

Many of the new family-wage job opportunities will be in occupations that require postsecondary education but not a four-year degree. Over the next decade, there will be approximately 27,600 annual job openings for technicians, paralegals, health care workers, salespeople, and other occupations that require more than one year and up to, but less than four years of postsecondary education. Occupations requiring 1 to 12 months of postsecondary education will have an additional 20,400 annual openings. There will be about 27,300 annual openings for teachers, engineers, lawyers, and other professionals who need a four-year degree.

**Figure 3. Training Levels Required for Expected Job Openings  
Between 2002 and 2012 in Washington State**



The following table provides examples of occupations that typically require more than 1 year and up to, but less than 4 years of postsecondary training. The table also lists the expected number of annual openings for each of these occupations.

Figure 4. Number of Annual Openings in Occupations Requiring More Than One Year And Up To, But Less Than, Four Years of Postsecondary Education (2002 - 2012)	
Registered Nurses	1,980
Carpenters	1,260
Cooks, Restaurant	830
Maintenance and Repair Workers	800
Hairdressers, Hairstylists, and Cosmetologists	670
Automotive Technicians and Mechanics	560
Electricians	550
Computer Support Specialists	500
Licensed Practical Nurses	450
Cooks, Institutions and Cafeteria	430
Plumbers, Pipe Fitters	370
Medical Secretaries	360
Police and Sheriff's Patrol Officers	350
Bus and Truck Mechanics	290
Computer Specialists, All Other	270
Fire Fighters	270

## ***Employers Report a Shortage of Skilled Workers***

Do we have enough qualified workers to fill these jobs? No. Even during the economic downturn many firms were having difficulty finding job applicants with the required postsecondary education and training. Roughly 3,000 firms responded to the Workforce Training and Education Coordinating Board's (Workforce Board's) *Washington State Employers' Workforce Needs and Practices Survey*, conducted during the summer and fall of 2003. Fewer firms reported hiring new employees as compared to previous surveys conducted when the labor market was much stronger. The problem of skill shortages, however, has persisted. Among firms attempting to hire, 45 percent reported difficulty finding qualified job applicants, compared with 60 percent two years ago. Extrapolating from the survey results, an estimated 55,980 Washington firms—about one in every four—had difficulty finding qualified job applicants during the past year.

Employers were looking for job-specific skills that many job seekers did not have. Among employers reporting difficulty finding qualified job applicants, 91 percent had difficulty in finding applicants with occupation specific skills (e.g., they wanted to hire a registered nurse but had trouble finding one).

The shortage is greatest for jobs requiring postsecondary education, especially for vocational trained workers from our community colleges, apprenticeship programs and private career schools. Among employers attempting to hire workers with post-secondary vocational training, 67 percent reported difficulty finding qualified applicants. In contrast, among employers attempting to hire workers with only a high school diploma, 24 percent reported difficulty.

Figure 5. Employer Difficulty Finding Applicants by Educational Level  
(Percentage and Estimated Number of Firms With Difficulty)

Educational level	Among employers attempting to hire at that level	Estimated number of firms
Neither a high school diploma or GED	19%	4,200
High school diploma or GED	24%	9,300
Some college course work	35%	11,300
Vocational certificate	53%	17,000
Vocational associate degree	67%	16,600
Academic associate degree	60%	10,800
Baccalaureate degree	68%	12,700
Master's, doctoral or, professional degree	68%	7,300
Source: Workforce Board, 2004.		

The problem will likely grow worse. Skills required in the workplace continue to increase, and, as a result, about a third of all firms reported that their need for workers with postsecondary training would increase over the next five years.

Figure 6. Employer Expectations of Future Employment Needs by Educational Level (Among all Employers the Percentage Expecting a Change in Demand)		
Educational level	Increase	Decrease
Neither a high school diploma or GED	12%	18%
High school diploma or GED	17%	6%
Some college course work	27%	3%
Vocational certificate	35%	2%
Vocational associate degree	30%	2%
Academic associate degree	30%	2%
Baccalaureate degree	34%	2%
Master's, doctoral or professional degree	24%	8%

### ***Industry Clusters—Healthcare, Information Technology, Construction***

Washington increasingly competes globally, but our competitive advantage is determined locally. Harvard Business School's Michael Porter argues that industry clusters are critical in determining competitiveness. Clusters are geographic concentrations of interconnected firms in related industries, specialized suppliers, and associated institutions (such as universities).<sup>25</sup> Firms locate in the same area because of competitive advantages specific to that region, including a critical mass of industry expertise and experience. The software/information technology cluster that has developed around Microsoft is an important example in Washington. Clusters are important drivers of economic growth, and Porter argues that government should act to remove obstacles to their development.

One potential obstacle is a shortage of workers with the required skills. A report prepared for the State Board for Community and Technical Colleges and the Workforce Board examined the workforce needs of important clusters in various regions of Washington State.<sup>26</sup> The study uses several criteria to evaluate the importance of regional clusters—the size and projected growth of employment in the cluster, its location coefficient (a measure of relative density of the industry compared to the nation),<sup>27</sup> and the percent of jobs in the cluster that meet a living wage standard. The importance of particular clusters varies by region (Figure 7), but three clusters that are highly ranked are health care, construction, and software/information technology.<sup>28</sup>

Figure 7. Important Industry Clusters by Region

Spokane	Eastern Balance <sup>1</sup>	Pierce	King/ Snohomish	Southwest <sup>2</sup>	Northwest <sup>3</sup>
1. Health Care 2. Construction 3. Wholesale Trade 4. Metal Fabrication 5. Transportation 6. Electronics/ Instruments	1. Health Care 2. Education/ Social Services 3. Transportation 4. Wholesale Trade 5. Agriculture/ Food Processing 6. Wood Products	1. Health Care 2. Construction 3. Aircraft 4. Ship/Boat Building/ Repair 5. Wholesale Trade 6. Education	1. Software 2. Aircraft 3. Construction 4. Business Services 5. Health Care 6. Ship/Boat Building/ Repair	1. Construction 2. Health Care 3. Education/ Social Services 4. Transportation 5. Communications 6. Wood Products	1. Construction 2. Health Care 3. Transportation 4. Education/ Social Services 5. Ship/Boat Building/ Repair 6. Wood Products

<sup>1</sup> Eastern Balance includes all counties in Eastern Washington other than Spokane.

<sup>2</sup> Southwest includes Grays Harbor, Lewis, Mason, Pacific, Thurston, Clark, Cowlitz, Skamania and Wahkiakum counties.

<sup>3</sup> Northwest includes Clallam, Jefferson, Kitsap, Island, San Juan, Skagit and Whatcom counties.

Source: Sommers and Heg, 2002.

### Health Care

Washington State's health care industry plays a significant dual role in our economy. The health care system keeps our workforce healthy and productive. It is also one of the largest employers in the state. Among occupations that require mostly postsecondary education, the largest numbers of job vacancies currently reported by employers are in health care occupations.

Figure 8. Total Job Vacancies Among Occupation Groups  
Requiring Mostly Postsecondary Education

Health care occupations	5,797
Computers and math	3,717
Business and financial operations	1,791
Management	1,466
Education	1,126
Social services	1,121

Source: Employment Security Department Job Vacancy Survey, October 2003.

Healthcare has been one of the few areas of strength during the recession and 'jobless' recovery. The demand for health care workers has exceeded supply in recent years, and wages in the sector are increasing. Consider the experience of students leaving job preparatory programs at our community and technical colleges during the 1999-2000 and 2001-02 school years. The more recent cohort faced a much weaker labor market; and, overall wage rates for those leaving the colleges declined slightly across the two years. However, the real wages of those leaving health care programs increased dramatically between 1999-2000 and 2001-02. Real wages among X-ray and lab technicians increased 16 percent; wages among those leaving registered nursing and physical therapy programs increased by 11 percent.



The study of Washington industry clusters, discussed above, concluded that our community and technical colleges and other training providers have not been producing enough health care professionals to meet the current or projected demand. Hospitals are currently having difficulty filling vacancies. Between 90 and 100 percent of hospitals report it is difficult to recruit radiation therapy technologists, medical clinical lab technologists, occupation therapists, ultrasound technologists, medical technologists, pharmacists, and registered nurses.<sup>29</sup>

The demand for health care professionals is expected to remain strong. Recent long-term occupational forecasts by Washington's ESD suggest that there will be about 8,400 annual job openings for healthcare practitioners and support occupations between 2002 and 2012.<sup>30</sup> Figure 9 lists the expected openings for the largest of these occupations.

Figure 9. Projected Annual Openings in Selected Health Care Occupations (2002-12)	
Registered nurses	2,000
Nursing aides	850
Licensed practical nurses	450
Dental assistants	450
Medical assistants	350
Home health aides	450
Medical lab technicians	150
Medical lab technologists	150
Medical records technicians	150
Pharmacy technicians	150
Note: Estimates are rounded to the nearest 50 openings	
Source: Employment Security Department, 2004.	

The shortage of health care practitioners in Washington is compounded by demographic trends. First, hospital caregivers are aging faster than the state workforce. The average age of a hospital health care worker is 45, about five years older than the average for all workers. More than 41 percent of the state's health services workers are over 45 years old.<sup>31</sup> Second, the state population is also aging rapidly. Since the elderly typically require more health care resources, service levels cannot be maintained given current staffing levels.

## ***Information Technology***

Information Technology (IT) workers design, program, and maintain computers and computerized systems. They work both within the IT industry and in non-IT industries, such as hospitals, government and financial services. Since computers are pervasive in our lives, so is the need for IT workers.

The IT industry was not immune to the last recession, but long-term prospects remain strong. Employment in computer systems design declined during the economic downturn, but it is expected to rebound as the economy improves. Employment in the software industry, led by Microsoft, has been more robust. After growing very rapidly throughout the 1990s and into 2001, employment leveled off during 2002. Double-digit growth resumed during the later part of 2003.

The job market for IT workers appears to have revived. Among the occupations requiring mostly postsecondary education, computer-related occupations posted the second highest number of job vacancies in October 2003 (Figure 8, above). There were just over 1,000 vacancies for software system engineers, about 900 vacancies for software application engineers, and 700 for computer programmers.

ESD occupational projections suggest that several of the fastest growing occupations in Washington will be computer-related. Figure 10 summarizes the projections for several of these occupations.

Figure 10. Employment and Projected Annual Openings in Selected IT Occupations		
	2002-07	2007-12
Software engineers, applications	670	750
Programmers	620	720
Software engineers, systems software	490	580
Computer support specialists	450	560
Systems analysts	250	470
Network administrators	230	290
Network systems analysts	190	230
Database administrators	80	100
Note: Estimates are rounded to the nearest 10 openings		
Source: Employment Security Department, 2004.		

## Construction

Construction activity rises and falls with the business cycle, and the industry was hurt by the last recession. A four year boom in Washington's construction industry ended in 2001, and employment in the sector declined during both 2001 and 2002. Employment began to rise again in 2003, and stronger growth is expected as Washington's economy improves and nonresidential construction activity increases. Moreover, in the long term, the need to replace an aging construction workforce will add to the number of annual job openings in the sector.

Long term occupation projections, conducted by ESD, suggest that there will be about 6,400 annual job openings in Washington's construction industry over the next 10 years. Figure 11 presents the projected openings for selected construction occupations. According to the Workforce Board's recent survey, employers are having difficulty filling current openings. Among firms attempting to hire construction workers, 65 percent reported having difficulty finding qualified job applicants—the highest reported percentage of any sector.<sup>32</sup>

Figure 11. Employment and Projected Annual Openings in Selected Construction Occupations		
	2002-07	2007-12
Carpenters	1,240	1,270
First-line supervisors	570	580
Construction laborers	560	550
Electricians	540	560
Painters	450	460
Helpers	370	380
Plumbers	360	370
Operating Engineers	330	330
Roofers	330	320
Drywall installers	250	250
Sheet metal workers	180	180
Note: Estimates are rounded to the nearest 10 openings		
Source: Employment Security Department, 2004.		

## ***Summary and Implications***

Washington's economy was especially hard hit by the last recession, and layoffs in aerospace have impeded the recovery. It's difficult to predict when substantial job growth will return, but, as of the spring of 2004, there are signs that the labor market is recovering. Even during the economic downturn, there have been areas of strength. Employment increased throughout the recession and 'jobless' recovery in financial activities, education and, especially, health services. Moreover, rapid employment growth has resumed in software publishing.

Long-term economic trends—pervasive technological change and increasing globalization—will continue to skew labor demand toward the more highly skilled. Keeping up with this demand will pose stiff challenges for both social cohesion and economic competitiveness. The jobs being created demand higher skills, and only higher-skilled jobs can pay a family wage and offer benefits. Unless we equip our workforce with the skills to succeed in high wage jobs, our society will become increasingly polarized into skilled “haves” and unskilled “have nots.” A world-class workforce is vital for global competitiveness, and the bar for competitiveness is rising.

Our new economy is knowledge-based, and many of the fastest growing, best paying jobs are technical. The majority of family-wage jobs created in Washington will require postsecondary education; they won't, however, necessarily require a four-year degree.

Employers, however, report a shortage of job applicants with the skills required for the contemporary workplace. The state's workforce training and education system must prepare more workers with the kinds of skills employers are looking for. The training system must also assist in the continual retraining and upgrading of incumbent workers so that their skills stay current. Given the dramatic technological and structural changes buffeting our economy, we must do more to enable workers to make smooth employment transitions.

## Endnotes

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- <sup>13</sup> Robert Reich, "High-Tech Jobs Are Going Abroad! But That's Okay," *Washington Post Company*, 2003.
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- <sup>22</sup> Scott Bailey, *Washington Wage Report: 1990-2002*, Washington State Employment Security Department, February 2004.
- <sup>23</sup> Scott Bailey, *Washington Wage Report: 1990-2002*, Washington State Employment Security Department, February 2004.
- <sup>24</sup> Employment Security Department, 2004.
- <sup>25</sup> See Michael Porter, *The Competitive Advantage of Nations*, New York: Free Press, 1990.
- <sup>26</sup> Paul Sommers and Deena Heg, "Occupational Demand and Supply by Industry Cluster and Region," a report prepared for the State Board for Community and Technical Colleges and the Workforce Training and Education Coordinating Board, Daniel J. Evans School of Public Affairs, University of Washington, October 2002.
- <sup>27</sup> A coefficient greater than one indicates that employment in a region is more heavily concentrated in a cluster than is the case nationally.
- <sup>28</sup> Sommers and Heg (2002) rated clusters by averaging their rankings across four criteria—employment size, employment growth, the location coefficient, and the percentage of workers receiving a living wage. We modified these ranking when constructing Figure 7. We excluded clusters from the highly ranked group if their location coefficient was low (less than 0.9) or if the percentage receiving a living wage was low (below 33 percent).
- <sup>29</sup> Center for Health Workforce Studies, University of Washington and Washington State Hospital Association report *Washington State Hospitals: Results of 2002 Workforce Survey*.
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# Our Changing Labor Force

## Challenges and Opportunities

Our workforce development system faces stiff challenges as the state transitions from a resource-based to a knowledge-based economy. Demographic trends will make it even more difficult to meet these challenges. Population growth has declined, and our labor force growth rate will continue to slow. The population is aging, and an increasing percentage of labor market entrants will come from groups that traditionally have received less education.

These trends however, with the right changes in policies and programs, will open up new opportunities for historically underserved groups. Washington's businesses need increasing numbers of skilled workers. People with disabilities, people of color, and women need more extensive and effective workforce education and training so they can take advantage of emerging opportunities.

Fewer and fewer young people will be entering the labor force, and we need to better prepare each of them. Too many of our youth do not

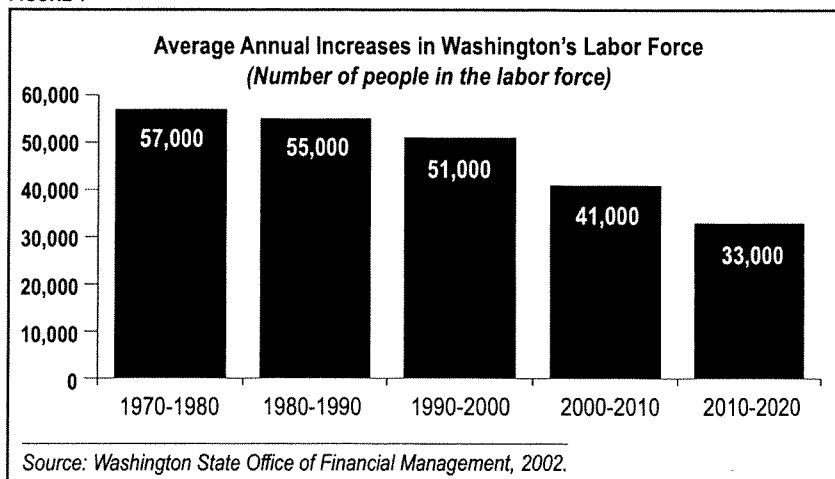
complete high school; too many of them drift between low-wage jobs before entering postsecondary workforce education programs.

The baby boom generation will begin to retire in large numbers toward the end of this decade, and the pressures on our public and private pension systems will increase. Older workers, over age fifty, will account for an increasing share of our workforce. We must encourage these workers to remain in the labor force longer and to keep their skills current.

## Workforce Growth Slows

Rapid labor force growth during the 1960s, 1970s, and 1980s provided our employers with a ready supply of skilled workers to staff expanded operations. Washington's population growth is now slowing. Labor force growth declined from an average annual rate of 3 percent during the 1970s and 1980s to 1.8 percent during the 1990s. Forecasts suggest that growth during this decade will slow to 1.3 percent a year; from 2010 to 2020, the growth rate is expected to be only 0.9 percent.<sup>1</sup> Fewer and fewer new workers will enter the labor force each year.

FIGURE 1



Low birth rates and retirements among the baby boom generation will slow labor force growth. Changes in labor force participation (the proportion of the population aged 16 and older in the labor market) will not offset the impact of declining population growth. Participation rates in Washington increased between 1970 and 2000 as more and more women entered the labor market, and this contributed to the increase in labor supply. No further gains are expected, and as greater proportions of our population reach retirement ages, participation rates will decline.

Although migration from other countries and other states will moderate the decline in labor force growth, it will not reverse the trend. The forecasts discussed above take into account expected migration levels. Employers, faced with severe labor shortages, have recruited skilled workers from overseas. However, international migration is a contentious issue, and it is limited by federal policy. Although migration from other states has made a substantial contribution to labor force growth in Washington, the net migration rate has declined from its peak during 1989 and 1990.<sup>2</sup>

The scarcity of skilled workers, particularly in occupations that require technical training beyond the high school level, could increasingly constrain Washington's economic growth.<sup>3</sup> It will be more difficult to increase the skill mix of the workforce when fewer new workers enter the labor market each year. With a slowdown in labor force growth and an increase in the skill levels demanded by the jobs now being created, Washington's economy is going to need every available worker in the state to be adequately prepared. Part of the

solution may come from preparing workers in population segments that have been underrepresented in technical education programs and the workforce at large. These segments include people with disabilities, people of color, and women.

### ***Racial and Ethnic Diversity is Growing***

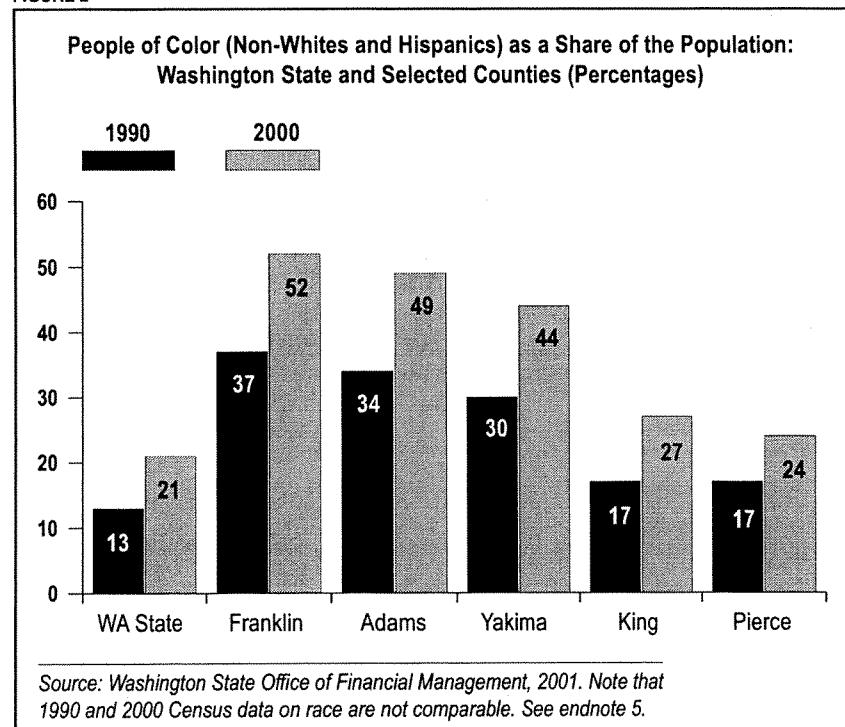
Washington State is becoming a more diverse place to live. Growth in the number of people of color exceeds that of the white population, especially among the Hispanic and Asian/Pacific Islander populations. The number of Hispanics in the state more than doubled during the last decade, reaching over 513,000 in 2002 (8.5 percent of the state population).<sup>4</sup> In 1990, people of color (non-whites and Hispanics) accounted for 13 percent of our population. In 2000, they were roughly 21 percent.<sup>5</sup>

Racial and ethnic diversity varies by county. People of color account for large shares of the populations in rural counties that have substantial migrant and resident agricultural populations. Diversity has also been increasing dramatically in urban counties of Western Washington.

About one in every ten persons in the state is an immigrant. According to the 2000 Census, more than 614,000 Washington residents, 10.4 percent of the population, were foreign born. Among these immigrants, 39 percent came from Asia, 28 percent from Latin America, and 21 percent from Europe.

These trends are evident in our schools. Twenty-seven percent of the state's K-12 students are students of color, up from 12 percent in 1980 and 18 percent in 1990.<sup>6</sup> Cultural diversity is also growing, and the

**FIGURE 2**



state's transitional bilingual instruction programs are serving an increasing number of students for whom English is a second language. A total of 159 primary languages were represented in the 1999-2000 school year.<sup>7</sup>

TABLE 1

**Washington's K-12 Students  
by Race and Ethnicity**

RACE/ ETHNICITY	1990 (#)	2001 (#)	CHANGE (%)
Asian	47,065	75,919	61.3
African American	35,174	54,591	55.2
Hispanic	47,354	110,474	133.3
Native American	20,742	27,647	33.3
White	689,374	741,793	7.6

Source: School Enrollment Summary, School Year 2001-2002, Office of Superintendent of Public Instruction, April 2002.

As the population changes, so does the composition of the workforce. Non-whites (African Americans, Asians, and other racial minorities) are expected to account for a quarter of the net labor force growth in the state between 2001 and 2026. In terms of ethnicity, workers of Hispanic origin are projected to account for over 40 percent of the growth during this period.<sup>8</sup>

In the past, for a variety of reasons, including discrimination, people of color have obtained less education on average than whites and have experienced higher levels of unemployment and poverty. As a result, this growing population has a large, unmet need for education and training. This economic need has consequences. The median household income for African Americans in Washington State is 76 percent that for non-Hispanic whites; for Native Americans and Hispanics it is 69 percent.

FIGURE 3

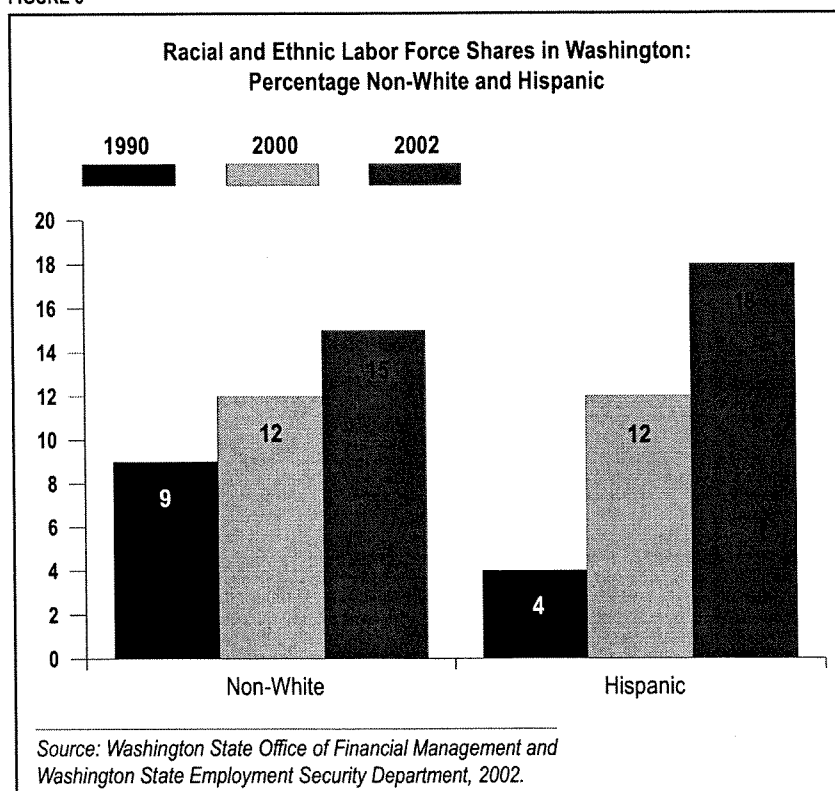
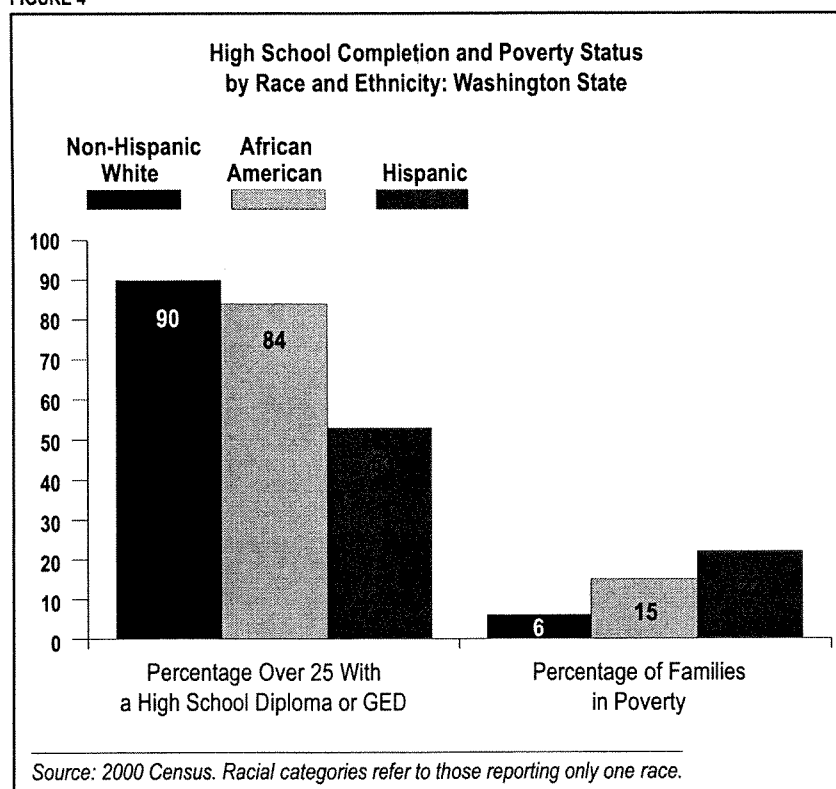


FIGURE 4





The economic literature on racial inequality focuses primarily on the experiences of African Americans. The black-white wage gap has narrowed over the last half century, but blacks still are paid less than whites. Moreover, some segments of the black population have not advanced. "In cities across the county, and in rural areas of the Old South, the situation of the black underclass and, increasingly, of the black lower-working classes, is bad and getting worse."<sup>9</sup> Many economists believe that market discrimination against blacks, though it still exists, is not as important a source of racial inequality as in the past. Much of the gap in earnings is due to differences in skills. Therefore, policies that promote skill formation among blacks, such as improving schools and neighborhoods, are critical. There is substantial evidence that abilities and motivations are formed at an early age. "Early interventions are far more effective than late ones, because early skills and motivation beget later skills and motivation."<sup>10</sup>

## A Graying Population

The leading edge of the baby boom is in its mid-fifties. Before long, this largest generation in American history will swell the ranks of the retired. Already, people over age 65 constitute the fastest growing segment of the population. Following the national trend, Washington had 662,000 people age 65 and older in 2000, accounting for roughly 11 percent of the population. Recent forecasts suggest this number will reach 1.22 million, or 16 percent of the population, by 2020.<sup>11</sup>

In contrast, the relatively small number of persons born during the period following the baby boom will

soon enter their prime years of labor force participation. Nationally, the ratio of active to retired workers may drop from 3.4 workers for every retiree in 1998, to 2.4 workers in 2020. By 2030, the ratio could drop to two workers for every retiree.<sup>12</sup>

These trends will place considerable financial pressure on the public and employer-sponsored programs that provide income support and health care to older Americans. The burden on caring for elderly parents will also increase, placing additional demands on the time and finances of the working-age population.

With fewer younger workers entering the labor force, employers will increasingly turn to hiring older workers, and market forces are already pushing firms in this direction. The average age at retirement declined over the past 30 years, but evidence suggests the trend is reversing. A study by the American Association of Retired Persons found that 8 in

10 baby boomers plan to work during their "retirement years," though not necessarily full time.<sup>13</sup> Several factors will allow more workers to postpone full retirement in the future. Life expectancy has increased from age 71 to age 77 over the past 30 years. Health or physical abilities are not generally a barrier to activity until people reach their mid-70s, and the share of workers in physically demanding jobs has declined dramatically.<sup>14</sup>

Policy changes, such as the increase in the Social Security retirement age, should induce older workers to remain in the labor force longer. The age of eligibility for collecting full Social Security benefits will increase gradually to 67 over the next 20 years. In addition, the earnings test for those aged 65 or older has been eliminated, removing a disincentive to remain in the labor force. The earnings test limited how much Social Security recipients could earn before having to forfeit part of the benefits.<sup>15</sup>

FIGURE 5



Changes in pension schemes are also reducing disincentives to working at older ages. The trend is toward more defined contribution pension (e.g., 401(k)) plans instead of defined benefit plans. Defined benefit plans provide the most benefits when taken at the earliest age of eligibility.<sup>16</sup> They penalize workers who work beyond a certain age.

Some firms are designing new work arrangements to encourage retired workers to return to the workforce as part-time employees. Efforts have been constrained, however, by tax laws and other legal barriers. According to a survey conducted by a benefits consulting firm in 2000, 16 percent of firms offered some form of phased retirement. The most common approach was for firms to rehire retired employees on a part-time or temporary basis. One problem is that this approach requires workers to first leave the firm.<sup>17</sup>

In addition to there being more retirees, the age composition of those remaining in the workforce will shift. The number of older workers in the state will rise dramatically—1 out of every 5 workers will be 55 or older by 2025, as opposed to roughly 1 in 10 in 2000.<sup>18</sup>

Public and private education programs will need to serve an increasing number of older workers seeking retraining.<sup>19</sup> Firms are also changing their practices toward developing older workers since the returns on investments in training them can be high. They often have better education levels than today's high school graduates, and are less likely to switch jobs.<sup>20</sup> Massive investments in new technologies and changes in work organizations have increased the demand for highly skilled workers in all sectors of the

economy. Skill requirements are increasing across industries. Older workers who regard learning as a lifelong pursuit, instead of something that ends with the completion of their formal education, will profit most.

## Opportunities for Youth

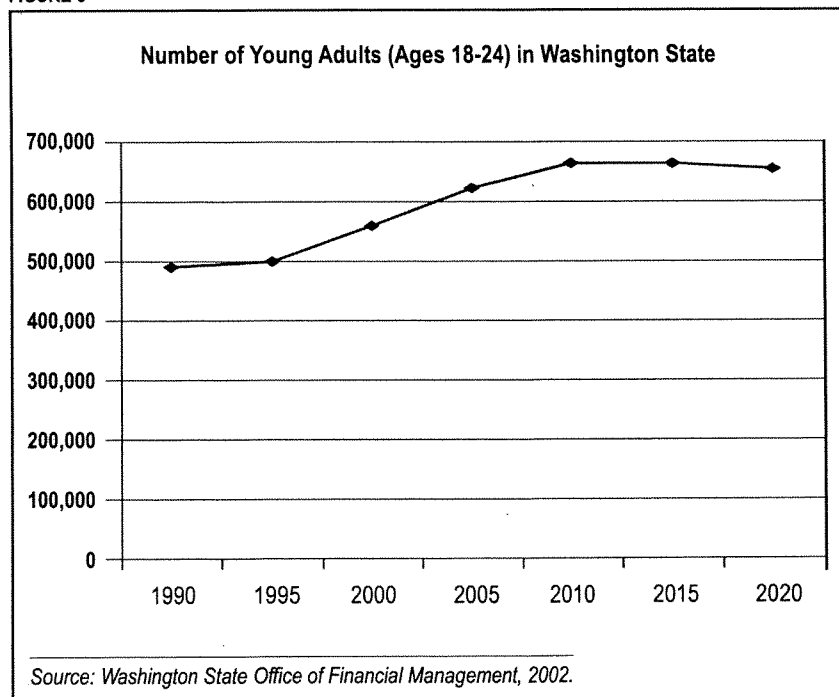
Another potential source for new workers will be the rapidly increasing population of young people that constitute the baby boom "echo." If the economy is to adjust successfully to an aging population, we must prepare the coming generation of young workers for full and productive participation in the world of work. Projections show that the state's population of 18 to 24 year-olds will continue to increase rapidly over the next few years and then level off after 2010.

The graying of the labor force offers unprecedented higher wage opportunities for well-prepared

young people. Too many young people, however never complete high school. Data on school dropouts are incomplete, but as many as a third of Washington ninth graders apparently do not graduate "on-time" with their class.<sup>21</sup> Some complete school later and some obtain GEDs, but many do neither. According to data from the 2002 Washington State Population Survey, 14 percent of Washington residents aged 20 to 29 did not have a high school diploma. This estimate is consistent with data from the 2000 Census. According to the census data for Washington, 13 percent of those aged 25 to 34 had not completed high school or obtained a GED.

Too many emerge from high school ready for neither further education nor work. Even in schools that received funding to implement school-to-work activities, the majority of students generally did not participate in activities designed

FIGURE 6



to link students with their post-school lives. In schools receiving school-to-work funding, only 31 percent of students took part in both classroom and workplace activities designed to prepare them for life after high school such as tech-prep, internships, and co-op education. Students who did participate in intensive school-to-work activities rated their school higher in preparing them in basic academic skills, seeing the link between school and the "real world," and in setting goals for the future.<sup>22</sup>

Too few young people participate in secondary career and technical education. More than a third of high school graduates in Washington go straight to full-time employment after graduation. Fewer than one in three of these students completed a vocational program.<sup>23</sup>

A recent study conducted by the W.E. Upjohn Institute for Employment Research found that secondary career and technical education in Washington State has strong positive impacts on post-high school employment and earnings. Moreover, a comparison of the program benefits and costs indicates that it is a cost effective means of improving the labor market outcomes for youth.<sup>24</sup>

Obviously, jobs that require only a high school education do not pay as well as higher skilled positions. It is generally in the economic interest of an individual to obtain as many years of education as possible. Too often, students who do not immediately move on to postsecondary education after high school spend years drifting from dead-end job to dead-end job before seeking more education and training at a community or technical colleges, apprenticeships or private

career schools. The median age of job preparatory students in our community and technical colleges is 31.

Moreover, survey data suggest that many youth are neither employed nor enrolled in higher education after high school (Table 2).<sup>25</sup> About one in every five Washington youth in their early twenties are neither working nor in school. The incidence is only somewhat higher for young women, perhaps due to child rearing. Among those aged 21 to 23, 20 percent of young women and 17 percent of young men are neither working nor in school.

The next ten years provide a demographic window of opportunity to deepen our human capital investments in youth. During the 1990s, Washington's K-12 population grew rapidly, increasing by 25 percent. This growth made it more difficult to increase educational expenditures per child and reduce student-teacher ratios. Little growth in the overall

TABLE 2

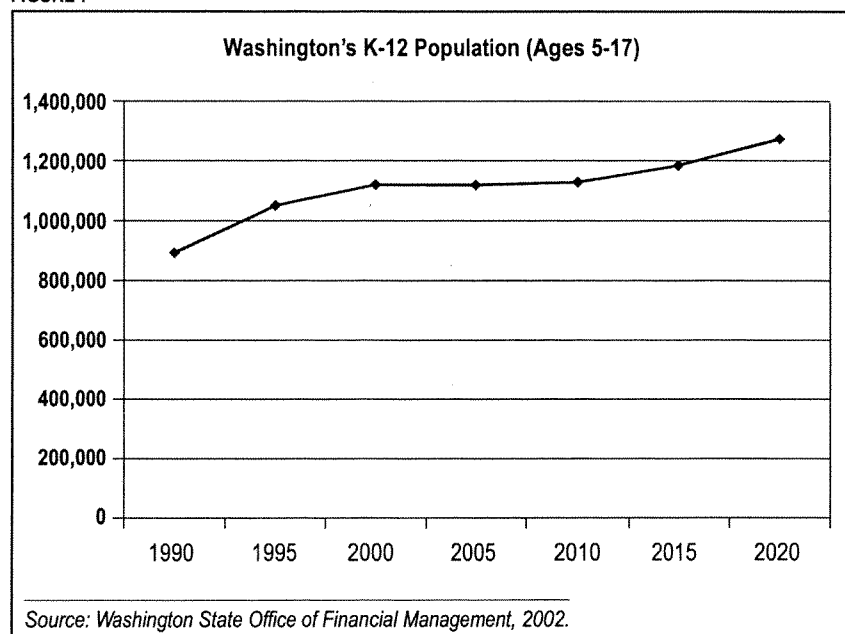
**Youth Activities 2002  
(Percentages)**

STATUS	AGE 18	AGE 19	AGE 20	AGE 21	AGE 22	AGE 23
Working	45	55	63	66	59	74
Enrolled in School	77	55	53	39	43	24
Working & Enrolled	32	22	29	23	21	16
Not Working or Enrolled	10	12	13	18	19	18

*Source: Estimates are based on the 2002 Washington State Population Survey.*

number of K-12 students is expected during this decade, but the respite is short. Growth in the student population resumes after 2010 as the baby boom echo cohort reaches childbearing age.

FIGURE 7



## People With Disabilities

According to the 2000 Census, 981,000 Washington residents age five and older have a disability. These include conditions such as blindness or deafness, conditions that substantially limit physical activities, difficulty learning or remembering, difficulty getting around inside the house, difficulty going outside, and difficulty working at a job.

The incidence of disability increases with age, but it is high even among youth. Among youth 5 to 15 years of age, 6 percent have a disability (primarily learning disabilities). Among the working-age population (ages 21-64), 17.8 percent have some disability and 11 percent have difficulty working at a job because of a physical, mental or emotional condition.

As the state faces the future, people with disabilities constitute an important underutilized human resource. Among working-age (21 to 64) Washington residents who have a disability, only 58 percent were working in 2000 (versus 78 percent of those with no disability).<sup>26</sup> Moreover, many who have jobs are not employed to their full potential. According to a 1996 survey of 2,500 Washington citizens with disabilities, a third of those employed said their jobs do not use their skills well. The incidence of involuntary part-time employment is high. According to the 2002 Washington State Population Survey, 42 percent of part-time workers with disabilities reported that they wanted to work full-time.

People with disabilities tend to have lower educational attainments than the general population. Among young adults ages 18 to 34 in

FIGURE 8

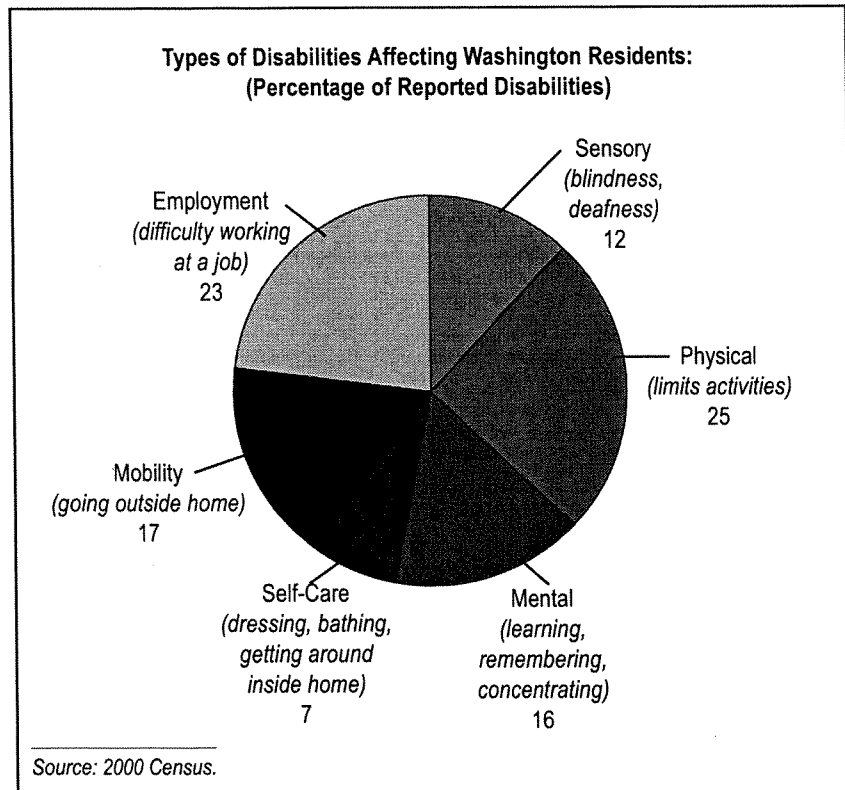
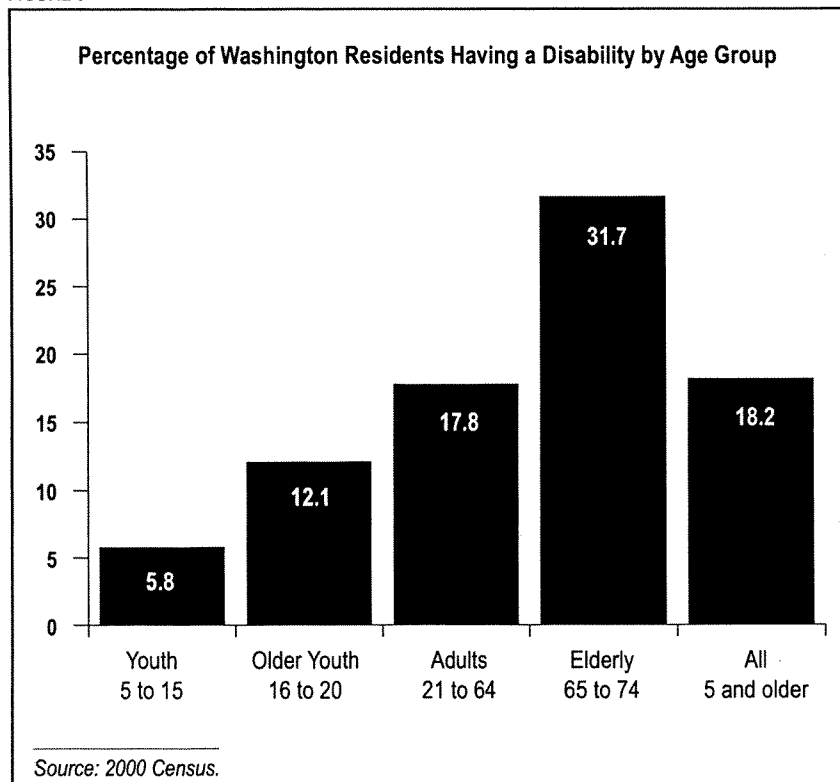


FIGURE 9



Washington, those with a disability are about twice as likely to have not completed high school (28 percent versus 15 percent). They also are only half as likely to have an associate, baccalaureate or graduate degree (16 percent versus 32 percent).<sup>27</sup>

## ***Women in the Labor Market***

Women have entered the labor market in increasing numbers over the last 25 years. In 1975, 47 percent of working-age women in Washington were in the labor market. By 2000, 62.5 percent were working. The largest increases have already occurred, however, and the female participation rate is not expected to change much in the future. Still, women will account for nearly half of the net additions to the labor force over the next two decades.<sup>28</sup>

Although more women are working, their economic progress has been uneven. The gender gap in earnings narrowed during the 1980s and 90s, but women still earn less than men do. They continue to be more heavily concentrated in jobs with limited career ladders or jobs in fields that are modestly paid. Even when women and men are in the same occupation, however, men tend to have higher pay.

Disparities in earnings between women and men are due to differences in education and occupation as well as discrimination. It is extremely difficult to isolate the effects of discrimination, since it can affect women's educational and occupational choices. However, studies typically find that about a third of the earnings gap is due to gender differences in education and experience, and another third is due

to differences in occupation and industry or employment. This leaves a third of the gap unexplained, and potentially due to discrimination.<sup>29</sup>

Although the extent of occupational segregation has been declining since 1970, as women began moving into predominantly male jobs, it remains an issue.<sup>30</sup> Consider the students leaving Washington's community and technical college job preparatory programs during the 1999-2000 school year. Many female students did enroll in high-wage programs; women accounted for 9 out of every 10 students in associate degree nursing, practical nursing, and dental hygienist programs. Many more women, however, enrolled in programs that pay relatively low wages. Among the students exiting from the twelve traditionally lowest-paid programs<sup>31</sup> in the colleges, 82 percent were women.<sup>32</sup>

Women who are single parents, and their children, often face economic hardships. According to the 2000 Census, 110,663 Washington families (or 7.3 percent) were living in poverty. About half of these (52,290) were families headed by women with no husband present. To the extent that women remain concentrated in occupations and industries that do not provide them with compensation sufficient to support them and their children or offer opportunities for advancement, these families will remain poor. Economic disadvantages will continue to constrain their children's educational achievements.

Women typically still have primary responsibility for housework and child care, and this has limited their progress in the labor market. Policies that facilitate the integration of

work and family responsibilities, such as on-site child care and flexible work schedules, have become more prevalent. "Employers are likely to continue to expand such policies as they respond to the shifting composition of the workforce and a desire to retain employees in whom they have made substantial investments."<sup>33</sup>

## ***Implications***

We are confronted with an increasing scarcity of skilled workers, and demographic trends will exacerbate the problem. Large segments of our population are poor, have little or no training, and have only limited prospects for wage progression.

Poorly prepared citizens will find themselves unable to compete for jobs in the most profitable and competitive companies. Can we afford to have any of our workers unemployed or underemployed for lack of skills? Not if we want to preserve the quality of life we treasure. We cannot afford to waste a single individual.

We must ensure that all our citizens—people of color and whites, women and men, people with disabilities, and young and old—are prepared and positioned for success.

## Endnotes

<sup>1</sup>Washington State Office of Financial Management and Washington State Employment Security Department, *2002 Long-Term Economic and Labor Force Forecast for Washington*, April 2002.

<sup>2</sup>The Office of Financial Management takes into account expected levels of net migration in their population and labor force forecasts. Net migration is forecast based on an econometric model relating Washington's net migration to traded sector employment changes. Historical migration rates are also used to develop long-range migration forecasts. Net migration between 2001 and 2026 is forecast to average about 44,400 per year, slightly below the 49,600 annual averages over the past 30 years.

<sup>3</sup>Note that slower labor force growth does not necessarily imply that general labor shortages will occur. Changes in labor demand and productivity could offset slower growth in the number of workers.

<sup>4</sup>Provisional Estimates of the State Population, Washington State Office of Financial Management, June 2002.

<sup>5</sup>These estimates are based on U.S. Census data. It is difficult to precisely estimate trends by race using recent census data. Because individuals could report only one race in the 1990 Census and could report one or more races in the 2000 Census, data on race are not comparable. In the 2000 Census, 3.6 percent reported two or more races. Analysis of Washington State Population Survey data, conducted by the Office of Financial Management, suggests about 3 percent of whites would switch from a single race to multiracial response due to the change in questions. Therefore, some of the increase in minority population shares presented in Figure 2 is probably due to reporting changes.

<sup>6</sup>Office of Superintendent of Public Instruction, School Enrollment Summary: Washington State School Districts, School Year 2001-2002, April 2002.

<sup>7</sup>Office of Superintendent of Public Instruction, Educating Limited-English-Proficient Students in Washington State, December 2000.

<sup>8</sup>Washington State Office of Financial Management and Washington State Employment Security Department, *2002 Long-Term Economic and Labor Force Forecast for Washington*, April 2002.

<sup>9</sup>Glenn Loury, "Discrimination in the Post-Civil Rights Era: Beyond Market Interactions," *Journal of Economic Perspectives*, 12 (2), Spring 1998.

<sup>10</sup>James Heckman, "Detecting Discrimination," *Journal of Economic Perspectives*, 12 (2), Spring 1998.

<sup>11</sup>Washington State Office of Financial Management, Forecasting Division, *Forecast of the State Population by Age and Sex: 1990-2030*, November 2002 Forecast.

<sup>12</sup>The 1998 Annual Report of the Board of Trustees of the Federal Old Age and Survivors Insurance Trust Fund, 1998.

<sup>13</sup>Arlene Dohm, "Gauging the Labor Force Effects of Retiring Baby Boomers," *Monthly Labor Review*, July 2000.

<sup>14</sup>"Aging Workers," *The Economist*, September 4, 1999, 65-68.

<sup>15</sup>Patrick Purcell, "Older Workers: Employment and Retirement Trends," *Monthly Labor Review*, October 2000.

<sup>16</sup>Arlene Dohm, "Gauging the Labor Force Effects of Retiring Baby Boomers," *Monthly Labor Review*, July 2000.

<sup>17</sup>Patrick Purcell, "Older Workers: Employment and Retirement Trends," *Monthly Labor Review*, October 2000.

<sup>18</sup>Washington State Office of Financial Management and Washington State Employment Security Department, *2001 Long-Term Economic and Labor Force Forecast for Washington*, April 2001.

<sup>19</sup>Frederica D. Kramer and Demetra Smith Nightingale, "Aging Baby Boomers in a New Workforce Development System," The Urban Institute, report prepared for the U.S. Department of Labor, Employment and Training Administration, January 2001.

<sup>20</sup>"Aging Workers," *The Economist*, September 4, 1999, 65-68.

<sup>21</sup>An analysis of dropout rates from previous years, conducted by OSPI, suggests an on-time graduation rate for the Class of 2002 of 65.7 percent. In "Graduation and Dropout Statistics for Washington's Counties, Districts, and Schools, School Year 2001-2002", Office of Superintendent of Public Instruction (OSPI) reports an on-time graduation rate for students in the Class of 2002 of 79 percent. Of those not graduating on time, OSPI reported that 10.4 percent were dropouts. However, it was also noted that most districts failed to report the enrollment status of students in the Class of 2002 who had dropped out in previous years. As a result, the "actual" dropout rate is higher and the on-time graduation rate lower than the reported rates.

<sup>22</sup>Ronald J. D'Amico and Andrew Wiegand, "Impact Findings for an Outcomes Evaluation of School-to-Work Transition Initiative in Washington State," Social Policy Research Associates, report prepared for the Washington State Workforce Training and Education Coordinating Board, June 2001.

<sup>23</sup>Among high school graduates, however, only about 18 percent complete a program in career and technical education. Half of these vocational completers go on to postsecondary education or training during the year after graduation; leaving only 9 percent that go immediately to work. See *Demand, Supply and Results for Secondary Career and Technical Education*, Workforce Training and Education Coordinating Board, January 2003.

## Endnotes (cont.)

<sup>24</sup>Workforce Training and Education Coordinating Board, *Workforce Training Results 2002*, March 2003.

<sup>25</sup>Just over 2 percent of youth ages 18 to 24 reported having a disability that prevents them from working. These youth are excluded in the statistics presented in Table 2.

<sup>26</sup>U.S. Census 2000.

<sup>27</sup>*Ibid.*

<sup>28</sup>Washington State Office of Financial Management and Washington State Employment Security Department, "2002 Long-Term Economic and Labor Force Forecast for Washington," April 2002.

<sup>29</sup>Francine Blau and Lawrence Kahn, "Gender Differences in Pay," *Journal of Economic Perspectives*, Fall 2000,

14(4), 75-99. Many economists are reluctant to attribute the unexplained portion of the earnings gap to discrimination. This portion could be due to differences in unobserved characteristics that affect productivity and earnings.

<sup>30</sup>*Ibid.*

<sup>31</sup>These 12 include: administrative support, cosmetology, early childhood education, teaching assistant, nursing assistant, veterinarian assistant, marketing and sales, agriculture/forestry, culinary arts, social services, other health services, and other services.

<sup>32</sup>Workforce Training and Education Coordinating Board, *Workforce Training Results 2002, 2003*.

<sup>33</sup>Francine Blau and Lawrence Kahn, "Gender Differences in Pay," *Journal of Economic Perspectives*, Fall 2000, 14(4), p.97.

## Washington's Workforce Development System Today

### What is the Workforce Development System?

The workforce development system consists of programs and services that prepare people for employment. There are 18 programs as defined in state statute and by Governor Gary Locke's Executive Order 99-02 (see Figure A). These programs focus on preparing individuals for jobs that do not require a baccalaureate degree, about 75 percent of all jobs in Washington.

Figure A

<b>State Workforce Development System (RCW 28C.18, RCW 50.12, and E.O. 99-02)</b>		
<b>Operating Agency</b>	<b>Program</b>	<b>Annual Public Funds (\$)</b>
State Board for Community and Technical Colleges	Postsecondary Technical Education	309,518,000
	Adult Education and Basic Skills	85,951,300
	Carl D. Perkins Postsecondary Technical Education	13,700,500
	Worker Retraining Program	34,255,100
	Volunteer Literacy Program	366,000
	Job Skills Program	1,475,000
Office of Superintendent of Public Instruction	Secondary Career and Technical Education	242,835,200
	Carl D. Perkins Secondary Career and Technical Education	9,655,500
	Even Start Family Literacy Program	2,908,500
Employment Security Department	Workforce Investment Act, Title I-B Dislocated Workers Program	39,395,500
	Workforce Investment Act, Title I-B Adult Training Programs	25,857,700
	Workforce Investment Act, Title I-B Youth Activities Program	27,578,700
	Training Benefits Program	20,000,000
	Wagner-Peyser	15,903,400
Department of Social and Health Services	Vocational Rehabilitation for the Blind	7,672,900
Opportunities Industrialization Center	Employment and Training for Migrant Seasonal Farm Workers	2,187,800
Department of Labor and Industries	Apprenticeship	1,050,000
Private Career Schools	(No Public Funds)	0
Total Public Funds		\$866,209,800

Other programs are not included in the state statute and executive order but are related to the workforce development system since they also prepare individuals for employment (see Figure B).



Figure B

Related Workforce Development Programs
--

- |   |
|---|
| <ul style="list-style-type: none"> <li>▪ Washington's TANF Work Program (WorkFirst)</li> <li>▪ Community Jobs</li> <li>▪ Juvenile Corrections Education</li> <li>▪ Refugee Assistance Program</li> <li>▪ Employment and Training for Migrant and Seasonal Farm Workers</li> <li>▪ Trade Act-Trade Adjustment Assistance Program</li> <li>▪ Washington Service Corps/AmeriCorps</li> <li>▪ Corrections Clearinghouse Program</li> <li>▪ Job Corps</li> <li>▪ Offender Education Program</li> <li>▪ Washington State Business Enterprise for the Blind</li> <li>▪ Washington Conservation Corps</li> <li>▪ Displaced Homemaker Program</li> <li>▪ Community Service Block Grant Program</li> <li>▪ On-the-Job Training Program</li> <li>▪ Claimant Placement Program</li> <li>▪ Disabled Veterans' Outreach Program</li> <li>▪ Local Veterans' Employment Representatives</li> <li>▪ Special Employment Services for Offenders</li> </ul> |
|---|

### **The Workforce Training and Education Coordinating Board: System Planning and Evaluation**

Created in 1991, the primary roles of the Workforce Training and Education Coordinating Board (Workforce Board) are to provide a system wide approach to strategic planning and accountability, and to foster partnerships among business, labor, and education and training programs. The Board consists of nine voting members with an equal, tripartite partnership of business, labor, and government/education. The Workforce Board also serves as the state's Workforce Investment Board as required by the Workforce Investment Act (WIA), and as the State Board for Vocational Education for the Carl D. Perkins Vocational and Applied Technology Act. Additionally, the Workforce Board licenses and regulates private career schools in Washington.

In order to carry out its strategic planning mission, the Workforce Board, in partnership with the agencies that administer workforce development programs, creates this strategic plan, *High Skills, High Wages*. The Board reviews the agencies' operating plans for consistency with *High Skill, High Wages*. In order to support policy development, the Board assesses the workforce development needs of employers and workers, including needs resulting from changes in the state economy and the demographics of the workforce. The Board also evaluates the results of workforce development programs and manages system-wide performance accountability.

In order to promote partnerships throughout the state, the Workforce Board assists in the creation and support of industry skill panels. There are currently 22 skill panels throughout the state in key economic clusters such as health care and information technology. The skill panels consist

of employer, labor, and education and training providers; they assess skill gaps in the cluster and develop strategies for addressing the gaps.

### **Local Workforce Development Councils: Meeting Local Workforce Priorities**

Under Executive Order 99-02, the Governor called for the establishment of local Workforce Development Councils (WDCs) in 12 areas of the state to serve as local workforce investment boards required under the WIA. The Governor directs these local councils to:

- Develop a local unified plan for workforce development, including a strategic plan, an operating plan for WIA Title I-B, and other program operating plans consistent with the strategic plan.
- Ensure linkages of workforce development with economic development.
- Conduct oversight of the WorkSource (one-stop) system and promote the coordination of workforce development activities at the local level.
- Establish youth councils to coordinate services to disadvantaged youth.
- Provide for a coordinated and responsive system of outreach to employers.
- Assess the planning process.
- Collaborate in the development of WorkFirst service area plans.

WDCs are comprised of a majority of business representatives and include labor, education, community, and public agency representatives. WDCs have the flexibility to set priorities for their local areas while addressing the challenges in the governor's executive order. Accountability for results is a responsibility shared by the local councils and the state Workforce Board.

### **Workforce Development for Youth**

#### **Secondary Career and Technical Education**

Career and Technical Education (CTE), also known as vocational education, enables students to explore career options, learn academic and life skills, and prepare for work and postsecondary education. Model CTE programs integrate occupational skills learning with academic content. CTE programs are offered in grades 9 through 12 through approximately 235 local school districts and 10 vocational skills centers.

**The K-12 System and CTE Advisory Councils**

The State Board of Education (SBE), whose members are elected by local school board members, sets policies for the K-12 school system. SBE's executive officer is the Superintendent of Public Instruction, an elected state official who administers the Office of Superintendent of Public Instruction (OSPI). The Academic Achievement and Accountability Commission oversees K-12 accountability, including setting targets for high school graduation rates.

Locally elected school boards set K-12 policy at the district level. Districts with approved high school CTE programs are required to have general advisory councils and a program advisory committee for each CTE program. Composed of representatives of business and labor, these councils and committees help schools ensure that their programs meet the skill needs of local industry.

Currently, the SBE requires that all students complete at least one CTE course to fulfill graduation requirements. Some students complete an entire CTE sequence involving several related courses. The extent of CTE offerings varies significantly with district size, location, administrative support, and philosophy, resulting in varied opportunities for our state's high school students.

OSPI has developed new CTE program standards which will be used to approve and evaluate all CTE programs to ensure they incorporate workplace skills and industry-based skill standards. The new program standards differentiate programs as "exploratory" or "preparatory." Students taking exploratory programs explore a CTE program area or cluster to help them determine if they are interested in pursuing the program area/cluster leading to employment or related post high school training. Preparatory career and technical education programs provide opportunities for students to master occupational skills based on industry-defined standards which will prepare them for employment after graduation and/or advanced placement into a postsecondary CTE program.

In addition, OSPI provides curricular frameworks that organize all CTE programs within broad career pathways: agriculture and science; business and marketing; health and human services; and technology and industry. These frameworks provide a crosswalk with essential academic learning requirements, the five "Ps", and exploratory and preparatory components.

**What Are Skills Centers?**

Skills Centers provide career and technical education for a cluster of school districts and are an integral part of the K-12 system. Students age 16 to 21 in grades 11 or 12 learn job preparation skills and can take advantage of the close relationships that Skills Centers forge with industries. For example, the New Market Skills Center, Tumwater, offers computer game program design taught by the Digipen Institute in conjunction with Nintendo. It is an advanced placement program that includes math, computer science, computer programming, and 3D animation. Skills Centers offer education and training in a variety of occupations including health care occupations that are currently experiencing shortages.

**Skills Centers (continued)**

Students learn basic skills, workplace readiness skills, and entry-level occupational competencies. They learn about career and postsecondary opportunities, participate in internships and work-based learning, develop a personal career portfolio and participate in a wide range of leadership activities/programs. They may also receive advanced placement or college credit through Tech-Prep programs.

An administrative council, comprised of the superintendents of the participating school districts, governs each Skills Center. Local districts contribute to the facility and equipment acquisition, and each district has an equal vote. Currently, Washington state has 10 Skills Centers.

The Carl D. Perkins Vocational and Technical Education Act as amended in 1998 emphasizes the importance of integrating academic standards into CTE. Known as Perkins III, the Act provides additional funds for secondary *and postsecondary* career and technical education, emphasizes vocational programs' use of technology, teacher training, and distance learning. Perkins III increases state and local flexibility in providing services and activities designed to develop, implement, and improve vocational and technical education, including Tech-Prep education, and builds on state and local efforts to develop challenging academic standards. Nearly all community and technical colleges are applying the *Tech-Prep* model that offers students the opportunity to gain college credit when they take career and technical courses in high school.

**The K-12 Foundation and Transitions to Life After High School**

The education we offer students in our primary and secondary schools provides a critical foundation for learning throughout their lives. It is expected to provide the academic skills students will need as adults, as citizens, and as employers and employees.

Washington Performance-Based Education Act of 1992, and the Education Reform Act of 1993 set four student learning goals.<sup>1</sup> The fourth goal states students must, "Understand the importance of work and how performance, effort, and decision directly affect future career and educational opportunities." For virtually all students, whatever option they choose upon leaving high school will eventually lead to the workplace. Whether they enter the state's workforce as student employees, as summer workers, or as full-time entry-level employees, Washington's youth must be prepared to be successful. As an increasing number of college students work part- and even full-time, the importance of basic work place competencies also increases for all students. And general workplace readiness skills are increasingly being demanded by businesses moving to a high performance style that demand higher teamwork and problem-solving skills from even its frontline workers.

<sup>1</sup> See RCW 28A.150.210 for the four student learning goals: Goal 1 - Read with comprehension, write with skill, and communicate effectively and responsibility in a variety of ways and settings; Goal 2 - Know and apply core concepts and principles of mathematics, social, physical, and life sciences; civics and history; geography; arts; and health and fitness; Goal 3 - Think analytically, logically, and creatively; and integrate experience and knowledge to form reasoned judgment and solve problems; Goal 4 - Understand the importance of work and how performance, effort and decision directly affect future career and educational opportunities.

New requirements for students graduating in 2008 and beyond call for completion of a culminating project, and an individual plan for the student's high school experience and one year beyond high school.<sup>2</sup> These strategies aim to ensure students connect what they learn in high school with future education and career options.

In order to improve transitions to life after high school, schools are partnering with community and technical colleges and baccalaureate institutions to improve the coordination of secondary and postsecondary education. Running Start, Tech-Prep, College in the High School, Advanced Placement courses – all of these are examples of options increasingly available to students so they can prepare for their education after high school, and often earn postsecondary credits at the same time. High schools are also partnering with apprenticeship programs and directly with employers to enable students to explore or prepare for specific kinds of employment at the high school level.

### **The Five P's**

OSPI encourages high schools to organize their courses and structure to facilitate effective student transition to life beyond high school. *The Five P's*: Pathways, Portfolio, Project, Plan, and Parents, can form the basis of such a structure:

1. **Pathways** – Career pathways are an organized sequence of classes and activities that contribute to preparation for occupations of a similar kind (health or business for example).
2. **Portfolio** – A portfolio is a collection of student work and achievements used by the student to document progress along the pathway.
3. **Project** – A culminating senior project completed by the student illustrates his or her pathway work, and is usually presented to a panel of community reviewers for evaluation.
4. **Plan** – A student individual plan for the year after graduation including the steps needed to accomplish the goal (e.g., completing the first classes of an articulated program; preparing to meet baccalaureate admission standards; or earning industry skills certification).
5. **Parents** – Involving parents and guardians in their child's planning and preparation for life after high school. Informing parents of the options available to their children, and creating a formal structure within the school schedule to have parents help in supporting and guiding their children in choosing courses that will help their children to fulfill future study and career goals.

State regulations require that students graduating in 2008 and beyond complete a culminating project, and an individual plan for their high school experience and one year after high school. Some schools have reorganized their high school programs to integrate career planning and preparation into their course curricula and schedules, and include all elements of the Five P's. See Franklin Pierce School District examples on page **XX**.

<sup>2</sup> See RCW 28A.230.090 and WAC 180-51-061.

## **Preparing Low Income Youth for the Workforce**

### **Youth Councils**

Youth Councils, comprising members of local WDCs and other youth representatives, assess assets and gaps of youth-related services in their communities, and make recommendations to WDCs on issues pertaining to “at-risk” or out-of school youth (WIA Title I-B eligible youth). All 12 Youth Councils have also created service integration plans to better link youth services and service providers including non-WIA services.

The WIA Title I-B provides for programs that prepare low-income youth ages 14 to 21 for academic and employment success.<sup>3</sup> The program is administered by the Employment Security Department (ESD), which partners with the Workforce Board to develop a five-year operation plan. The Governor and the Department of Labor (DOL) must approve the plan. Local WDCs develop similar operations plans, and receive funding based on federal and state allocation formulas.

Local providers assess youth to determine their academic skill level, and support service needs. These assessments enable the customizing of services to suit the needs of individual youths. Services include counseling, tutoring, job training, mentoring, or work experience. These youth may also participate in summer employment, skills training, or instruction in obtaining a GED or equivalent. The number of youth served in 2002 was 6,368.

## **Workforce Development and Employment Services for Adults**

### **Postsecondary Technical Education**

Workforce training and education for the 21<sup>st</sup> century is one of the major goals of community and technical colleges. According to the State Board for Community and Technical Colleges (SBCTC), the mission of workforce training is to provide “workforce education, training and retraining programs at community and technical colleges that will help students learn the full range of basic, pre-college, technical, and academic skills they need to get high-wage jobs and adapt to future career requirements in Washington's changing economy.”

Nearly half of all state supported students (45 percent) enrolled in community and technical colleges in 2002-2003 were upgrading, retraining, or preparing for a new job. All community and technical college programs are open to high school graduates or persons aged 18 years or older. Full-time students are assessed at admission and placed into appropriate courses. Some programs have prerequisites or selection criteria dictated by licensing or accreditation requirements.

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<sup>3</sup> Youth who are eligible to participate in WIA youth programs form one definition of “at-risk” youth. According to Section 101. Definitions, the Workforce Investment Act, 1998: an “eligible youth” is an individual who (a) is not less than age 14 and not more than age 21; (b) is a low income individual; and (c) is an individual who is one or more of the following: (i) Deficient in basic literacy skills; (ii) a school dropout; (iii) homeless, a runaway, or a foster child; (iv) pregnant or a parent; (v) an offender; (vi) an individual who requires additional assistance to complete an educational program, or to secure and hold employment.

The SBCTC goal statement for workforce training continues:

- Colleges will work with employers, labor groups, economic development organizations, and public-sector employment specialists to ensure that workforce education and training programs are relevant to local needs and enable students to get jobs close to home.
- The colleges will work closely with employers and labor groups to make sure their workforce education and training programs lead to job opportunities for highly trained graduates in emerging, high-wage career fields.
- Workforce education and training programs also will be designed to train workers in fields whose services are highly valued by society, such as health care and child care.
- Colleges and the college system will collaborate with public and private organizations to cover the cost of starting or revamping programs and to ensure that instructional equipment remains up-to-date.
- Instruction and training will be delivered in ways that meet the needs of students and employers, including short-term training at business sites.

#### **The Community and Technical College System**

Most students who graduate from Washington's high schools today will enroll in some form of postsecondary education or training. The largest number of graduates will attend the state's community and technical colleges. Washington has 34 community and technical colleges covering every county in the state. Training is offered at more than 600 sites including multiple extension sites, technology centers, business centers, and state prisons. The SBCTC, a nine-member board appointed by the Governor, oversees the community and technical college system.

Each college district has a board of trustees and a general advisory council and/or program advisory committees of business and labor representatives that is essential for approving, designing, and modifying workforce education and training programs, also known as occupational programs. Program advisory committees bring their industry expertise to bear in updating curricula, identifying new technologies to be obtained, and participating in the hiring of key instructors.

In order to fulfill the workforce training mission, Washington's community and technical colleges offer a variety of workforce training programs that include:

- Preparatory technical education that provides skills training for entry-level employment in a variety of technical occupations.
- Upgrading of skills and retraining to improve or supplement workers' skills in order to remain competitively employed or to advance their careers.
- Supplemental instruction in the classroom for indentured apprentices. This is a required component of apprenticeship programs that complements training and experience on the job.

In addition to state funds, Perkins III, provides important supplemental funding for postsecondary workforce training targeted to improving the quality and outcomes of the programs.

**Developing Industry-Based Skill Standards**

Community and technical colleges, and skill panels engage businesses and labor to define the skills they require. These voluntary “skill standards” provide the framework for:

- Assessing training needs.
- Communicating performance expectations to employees.
- Clarifying expectations among employers, students, and educators.
- Designing curriculum that matches workplace requirements and improves the employability and productivity of students.
- Articulating with secondary programs.

Industry-defined skill standards specify what employees must know and be able to do within a particular industry and occupation thus enabling instructor to prepare student for success. Skill standards enable vertical and horizontal articulation between programs.

For program sectors where skill standards are well developed, programs can recognize the skills of incoming participants, no matter where those skills are learned – on a job, in high school, at a two-year college, or through some other public or private program. Instructors do not have to repeat what participants already know. When individuals are certified as meeting industry standards, employers know they have the skills.

**Apprenticeship**

Studies indicate that the integration of classroom and on-the-job training is an effective way to teach vocational skills. An example of this type of learning has been in place for centuries – apprenticeship.

Apprenticeship programs are supervised by joint labor-management committees, that approve curricula, monitor quality, screen and select applicants, and ensure that skills are portable. Industry and labor representatives constantly review programs to ensure their standards are up-to-date with changing workplace needs.

To be eligible for an apprenticeship program, individuals must be at least 16 years old and meet other minimum qualifications established by the industry. These entrance requirements can be rigorous and apprentices may enroll in preapprenticeship programs to prepare them for entry into apprenticeship programs.

Standards for apprenticeship agreements include a progressive increase in wages over time as new skills are mastered. Programs are designed to provide individuals with the ability to progress from entry-level to fully qualified journey-level workers. Completion standards include a minimum total hours worked and annual minimums for related and supplemental instruction.



The Washington State Apprenticeship and Training Council oversees apprenticeship training programs statewide. The Apprenticeship Section at the Department of Labor and Industries is the administrative arm of the Council. Financial contributions from employers and workers support apprenticeship programs. In 2003 there were 256 active apprenticeship programs, and 12,720 active apprentices.

### **Private Career Schools**

To obtain or upgrade the skills needed in the labor market, many Washington residents enroll with private sector providers of workforce training.

Private career schools are independent businesses that provide occupational training. Most of them are small. They provide training at both at the sub-baccalaureate and baccalaureate levels. A total of 259 private career schools offer diploma or certificate granting programs in Washington, providing 1,200 different instructional programs to more than 26,000 students in 2002-2003.

No public funds are appropriated for private schools, although eligible students may obtain federal grants and loans to pay for educational expenses if the school they choose has been authorized to participate in U.S. Department of Education student aid programs. In addition, under WIA Title I-B training services some adults and dislocated workers are eligible for Individual Training Accounts (ITA) that will support tuition at postsecondary public and private schools that are on the Eligible Training Provider List (ETPL). School programs must pass minimum employment and wage standards for their program completers to be on the ETPL

Approximately 76 private career schools and 43 community and technical colleges, four-year universities, and high schools are currently approved by the Workforce Board to train eligible veterans and dependents, thus providing access to Veterans Administration educational benefits.

Private career schools are partners in the workforce training and education system, voluntarily contributing to many aspects of the system's growth and development. They gather and report annual demographic data of value to the workforce board's *Gap Analysis* and are active contributors to the accountability system, and consumer reports system, known as Job Training Results.

## **Customized Employee Training**

### **Employer-Supported Training**

Many Washington employers offer their employees some sort of formal training. According to a 2002 Workforce Board survey of Washington employers, almost half (48 percent) provided or paid for some classroom training that includes training in work place practices, basic skills training (reading, writing, math, and English language skills), and training in job specific skills. Among the firms that provided classroom training, 84 percent provided such training in job-specific skills, 73 percent provided it for work place practices, and 17 percent provided it for basic skills.<sup>4</sup>

Employers have been increasing training offered over the past three years because the skills required to adequately perform production or support jobs has increased due to expanded use of computers in their jobs, and the adoption of high-performance work organization practices. Employers project that their needs for workers with postsecondary training will increase during the next five years, and that the greatest needs will be for vocational associate degrees, and for masters, doctoral, or professional degrees.

### **Publicly Supported Customized Training**

While many businesses contract directly with the community and technical colleges to provide training, they can sometimes qualify for state assistance. The Job Skills Program (JSP), created by the Legislature in 1983, brings together employers and educational institutions to provide customized employee training. State funds are combined with employer matching funds to support: New employee training for prospective employees for a new plant or when a company expands; current employee retraining when retraining is required to prevent the dislocation of those employees; current employee upgrading to enhance productivity and provide advancement opportunities; and industry initiatives supporting the development of customized training programs for several companies within an industry.

The Department of Community, Trade and Economic Development (CTED), and local economic development agencies consider JSP a valuable tool for recruiting companies to locate in Washington and to assist state-based companies to expand. Public secondary or postsecondary institutions, independent institutions, private careers schools, and apprenticeship trusts in partnership with businesses or groups of businesses are eligible to apply for JSP funds. The program also prioritizes areas with new and growing industries, industries where there is a shortage of skilled labor, economically disadvantaged areas with high unemployment rates, and areas affected by economic dislocation.

### **Business Retention and Expansion**

Sixty to eighty percent of all new jobs are created by existing businesses. Local companies are valuable assets that communities cannot afford to ignore or lose. The jobs they generate further employment gains and create new businesses and tax revenues to boost local economies.

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<sup>4</sup> Workforce Training and Education Coordinating Board, *Washington State Employers' Workforce Training Needs and practices, 2002*, available at <<http://www.wtb.wa.gov/empsurv02.pdf>>

CTED's Business Retention and Expansion program works with manufacturing firms to support their retention and expansion. CTED staff, in conjunction with local Economic Development Council (EDC) staff, identify threatened or expanding manufacturing companies and provide problem-solving and technical assistance to these firms. The program also focuses on early warning, coordination of services and resources, assessment of industry issues, and capacity building for EDC staff, and assists rural counties with local business visitation programs.

### **Aiding Dislocated Workers**

When the federal unemployment insurance system was created, the most common cause of unemployment was reduction in demand due to the business cycle. At that time, a laid-off worker had a reasonable expectation of returning to the same job or obtaining the same type of job in another firm within about six months after the economy moved out of the bottom of the cycle.

While this is still true for some industries, layoffs in today's economy are increasingly due to structural changes as technology advances and global labor markets shift. Employers who have closed or moved or eliminated the need for certain types of skills will not call laid-off employees back. Workers who have lost these jobs often find their skills are obsolete in the rapidly changing market. Before they can become reemployed, they often need retraining to upgrade their skills or acquire new ones.

WIA Title I-B, provides dislocated worker services. These services include rapid response services for workers and firms facing substantial layoffs, including establishing labor-management committees and pre-feasibility studies of employee ownership among other practices. Up to 25 percent of the funds may be used to support rapid response services to employers and worker representatives after a business closure is announced. Under WIA, all dislocated workers are eligible for core services, such as job counseling and job availability information. They will also be able to access "intensive" services and training services when necessary to find suitable employment. Since 1993, the Worker Retraining program has served 60,874 unemployed and dislocated workers at the public community and technical colleges and 3,156 students at 54 private career schools. In 2001-02 over 14,000 students participated in training opportunities provided by the Worker Retraining program.

### **Worker Retraining Program**

The Worker Retraining Program supports education and training opportunities for dislocated workers and long-term unemployed workers at community and technical colleges and private careers schools. The program has served over 64,000 students since 1993 and in 2002-2003 served over 12,800 full-time equivalent students.<sup>5</sup> Recognizing the increasing need for this type of training, the Washington State Legislature provided \$34.3 million to fund Worker Retraining in 2003-04, an increase of about \$5.6 million over the previous fiscal year.

Workers who qualify for the program may receive financial assistance that can help with their tuition, as well as offset the costs of child care and transportation. After their unemployment insurance runs out, students may receive additional financial assistance to help with living expenses. Worker Retraining programs must prepare students for occupations that have

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<sup>5</sup> State Board for Community and Technical Colleges, *Worker Retraining: Seventh Accountability Report for the Worker Retraining Program*, May 2003 available at <http://www.sbctc.ctc.edu/data/rsrchrpts/WFEdAccountReportYr7.pdf>

demonstrated employment demand for qualified workers and lead to jobs providing a living wage appropriate to the local labor market. For example, in 2001-2002, there was a 147 percent increase in the number of Worker Retraining students entering nursing programs (registered nursing and licensed practical nursing) and 72 percent increase in those entering allied health programs.

The results of the program are strong. Of program participants in the class of 2001, 80 percent were employed within seven to nine months of exiting the program, and workers obtained jobs that provided wages of between 86 to 114 percent of their hourly wages prior to job loss.

### **Training Benefits Program**

The 2000 Legislature enacted the Training Benefits Program that offers dislocated workers additional unemployment insurance benefits for up to 74 weeks (depending on their industry) while they are in retraining. To be eligible, a claimant must show a need for training to find suitable work, establish that the full-time training program will enhance their marketable skills and earnings, and that such training is for an occupation that is in high demand in their local labor market as determined by the local WDC.

### ***WorkSource: Washington's One-Stop Career Center Service***

#### **The Employment Security Department**

The mission of ESD is to help people succeed throughout their working lives. ESD carries this out by supporting workers during times of unemployment, by connecting job seekers with employers who have jobs to fill, and by providing business and individuals with the information and tools they need to adapt to a changing economy.

ESD is the state administrative agency for WIA Title I-B, labor market information and analysis, and implementation of the WorkSource service delivery system. ESD also administers the unemployment insurance program and employment services under the Wagner-Peyser Act.

#### **WorkSource (the One-Stop Career Development System)**

ESD collaborates with other state agencies, WDCs, and service deliverers to provide employment services to employers and job seekers through the WorkSource system, which is Washington's One-Stop career center system as required by the WIA. This system, launched in 2000, has increased efficiency in delivery of employment services, and access to training and support services, and is designed to provide more accessible and user-friendly services.

WorkSource is the primary portal to Washington's workforce development system for employers and for adults, including adults with barriers to employment. Basic employment services such as labor market information, career counseling, and job search assistance are widely available on-site at comprehensive WorkSource Centers and affiliate sites, and through self-service over the Internet.

Beyond these basic services, WorkSource offers information about, and access to, a wide array of workforce development programs including courses at community and technical colleges, private career schools, and other training providers (see [www.jobtrainingresults.org](http://www.jobtrainingresults.org)).

Employers use WorkSource to:

- Post job announcements and review resumes.
- Obtain recruitment, screening, and referral of qualified applicants.
- Receive technical assistance on labor regulations, recruitment, tax credit information, and unemployment insurance.

People seeking new or better jobs use WorkSource to:

- Obtain an initial assessment of their employment needs and readiness.
- Receive high-quality job counseling.
- Obtain information on available jobs.
- Post their resumes.
- View results of reports of training programs.

All individuals legally entitled to work in the United States and all employers are eligible for WorkSource services. Some programs are targeted to particular populations such as Unemployment Insurance claimants, migrant seasonal farm workers, veterans, and persons with disabilities.

WDCs have oversight of the WorkSource system in their local workforce development area. WorkSource Centers operate in each. There are 27 WorkSource Centers and 43 affiliate sites spanning the 12 local workforce development areas of the state.

### **WorkSource Partner Programs**

WorkSource Partners include local programs administered by three state agencies: The Department of Social and Health Services (DSHS), ESD, and SBCTC. The federal WIA of 1998 and state statute require specific WorkSource partners (see Figure C).

Figure C

#### **WorkSource partners required by the federal Workforce Investment Act of 1998:**

- Workforce Investment Act Title I-B Youth, Adult, and Dislocated Worker Programs
- Public Exchange Services funded under the Wagner-Peyser Act
- Veterans' Workforce Programs
- Trade Adjustment Assistance and North American Free Trade Agreement Programs
- Local Veterans' Employment Representatives/ Disabled Veterans Outreach Program
- State Unemployment Compensation Programs
- Workforce Investment Act Title II Adult Education and Literacy programs including English-as-a Second language (ESL) programs
- Postsecondary Vocational Education Programs funded under the Carl D. Perkins Vocational and Applied Technology Act
- Senior Community Service Employment Program funded under Title V of the Older Americans Act
- Vocational Rehabilitation programs authorized under parts A and B of Title I of the Rehabilitation Act)

**WorkSource partners required by the state:**

- Claimant Placement Program
- Postsecondary Career and Technical Education Programs
- Worker Retraining Program
- WorkFirst
- English as a Second Language Programs

**Other programs encouraged to be part of the WorkSource system include:**

- Literacy Programs
- Apprenticeship Programs
- Americorps/Washington State Service Corps
- Tech-Prep Consortia
- Private Career and Technical Schools
- Other Programs identified by the WorkSource Regional Partnerships

**Workforce Preparation and Employment Services for Adults with Barriers****Assisting Low-Income Adults**

The WIA Title I-B Adults program prepares individuals 18 years and older for participation in the labor force by providing “core services” and access to job training and other services coordinated through WorkSource employment. Core services, such as skills assessment, labor market information, consumer reports on training programs, and job search and placement assistance, are available for all workers including those who are disadvantaged. Unemployed individuals who have been unable to find jobs and those who are employed but need additional services to reach self-sufficiency<sup>6</sup> are able to access “intensive services.” Priority is given to welfare and low-income clients. Intensive services include comprehensive assessments, individual counseling, employment planning, and short-term prevocational services. Third tier “training services” are available to adults who meet intensive service eligibility but are unable to find employment through those services. These individuals are eligible for an ITA that pays for training services, and is designed to provide customer choice.

**WorkFirst** is the state’s welfare-to-work program for recipients of Temporary Assistance to Needy Families (TANF) and other low-income individuals. DSHS is the lead agency for WorkFirst in partnership with ESD, SBCTC, and CTED. Participants enter into a “personal responsibility contract” that includes an assessment of skills, prior work experience, and employability, and outlines the actions that will be taken to achieve the plan’s goals. WorkFirst participants may be eligible for a variety of education and training, employment, and support services. A few of these are outlined below:

- The **Community Jobs** program provides comprehensive, paid work experience plus training opportunities for TANF recipients who are encountering barriers entering the regular job market. CTED administers the program through contracts with private nonprofit organizations. Participants work for a minimum of 20 hours per week, and have access to

<sup>6</sup> “Self-sufficiency” is defined by local workforce development councils in accordance with the living wage levels that are appropriate to the economies of their workforce development geographic area.

one-on-one mentoring support to resolve barriers to work. Participants remain in the program up to six months in order to gain both substantial work experience and an opportunity to deal with life situations beyond crisis management. The ultimate goal is unsubsidized job placement. The program serves about 2,600 participants per year.

- The **Pre-Employment Training (PET)** program prepares individuals for jobs through basic and occupational skills training that is customized to a particular employer. The program is typically 12 weeks of intensive training for above entry-level jobs. Colleges and private institutions offering PET work with employers to develop training program standards. In 2001-2002 over 3,100 individuals participated in PET.
- **Families That Work (FTW)** provides intensive training to welfare recipients and low-income parents with more significant barriers to employment. FTW focuses on basic academic skills, developing better parenting and personal management skills, and work readiness. SBCTC administers FTW. A total of 1,676 participants were served in 2001-2002.

## **Workplace Basic Skills**

### **Increasing Adult Literacy, Basic Skills, and English Language Skills**

SBCTC's **Office of Adult Literacy** oversees the state's adult and basic education system with advice from the Washington Adult Education Advisory Council. The purpose of these programs and services are to:

- Assist adults to become literate and obtain the knowledge and skills necessary for employment and self-sufficiency.
- Assist adults who are parents to obtain the educational skills necessary to become full partners in the educational development of their children.
- Assist adults in the completion of a secondary school education.

Programs and services are provided by the state's community and technical colleges and community-based organizations, and include: adult literacy, family learning, workplace skills enhancement, English language instruction, citizenship classes, basic skills education, high school equivalency preparation, alternative high school diploma, among others.

State funds from the SBCTC budget and WorkFirst funds support the **Workplace Basic Skills** program. The program provides customized, on-site instruction to workers in adult basic skills such as reading, writing, math; employability skills such as communication and problem-solving, and ESL competencies. Training is customized to meet the needs of the employer and to create learning opportunities for the participant within the context of the workplace where services are delivered. Once participants have completed the initial training, they are often offered follow-up training to stabilize them in their new jobs.

The WorkFirst program has also developed a special program for its participants who have difficulty communicating in English. The **Limited English Proficiency (LEP) Pathway** blends ESL instruction (clients are placed in one of three proficiency categories to determine what services they need), job search assistance, work, or work-like activities. Those who are employed remain

eligible for postemployment services. Over 60 percent of the families who need LEP services are former refugees who come to this country with intact families. LEP provided ESL training to 2,686 Washington residents July 2000 through June 2002.

## **Improving Earnings for People with Disabilities**

### **The Division of Vocational Rehabilitation**

As discussed in the Demographics Chapter, there is high unemployment and underemployment among individuals with disabilities. The Division of Vocational Rehabilitation offers vocational rehabilitation and training services to help individuals with disabilities to become employed. The primary objective is competitive, full-time employment. Depending on the individual's disability and functional limitations, however, other outcomes are sometimes more appropriate, such as part-time employment, self-employment, homemaking, sheltered employment, or supported employment. To meet these objectives, a series of customized services are offered such as assessment, counseling, vocational and other training services, physical and mental restoration services, and job search and placement assistance.

With the incorporation of the Rehabilitation Act into WIA, a key challenge is to develop partnerships in WorkSource sites. Coordination involves ensuring accessibility of WorkSource core services to person with disabilities and the inclusion of vocational rehabilitation services as part of the WorkSource system.

### **The Department of Services for the Blind**

The Department of Services for the Blind (DSB) administers vocational rehabilitation services for individuals with limited vision. DSB services include assessment and referral, vocational counseling, job referral and placement, and rehabilitation training in adaptive skills, jobs skills, and assistive technology. DSB also provides occupational licenses, tools, equipment, technological aids, and other goods and services that can be reasonably expected to help participants achieve successful employment outcomes. DSB currently employs 12 full-time counselors with an average annual caseload close to 100 participants requiring intensive vocational rehabilitation services.



## **Performance Accountability**

In order to meet the combined challenges of the competitive economy, and our changing labor force, and to make the best use of increasingly scarce resources, the workforce development system must continuously improve its performance. What counts are results in meeting the needs of our customers—students, job seekers, workers, and employers. The workforce development system must continuously measure results, identify areas to improve, and make the necessary improvements.

In the past, Washington State did not have an accountability system for workforce development. What we had were separate accountability activities for many of our programs.

Because these accountability activities were developed in order to meet separate program missions and requirements, they did not add up to systemwide accountability. There were no agreed upon measurable goals for the system as a whole and no standards for collecting consistent data from agency to agency. Often, data collection focused on inputs rather than results. Some programs did not evaluate what happened to their participants once they left their program, nor did they use program results to guide improvements. This has all changed.

### **Performance Management for Continuous Improvement**

In January 1996, after a nearly two-year effort led by the Workforce Training and Education Coordinating Board (Workforce Board) and supported through the National Governors Association, the major workforce development programs adopted the design for a new accountability system, “Performance Management for Continuous Improvement” (PMCI). Having a systemwide framework enables workforce development programs to better coordinate services to customers.

This plan takes the PMCI framework and incorporates elements required under the Workforce Investment Act (WIA) of 1998 and the Carl D. Perkins Vocational Education and Applied Technology Act (Carl Perkins Act) amendments of the same year. While the federal acts retain many accountability requirements connected to program silos rather than the system, we have tried to continue a system approach to accountability.

### **Desired Outcomes for the Workforce Development System**

PMCI identifies seven desired outcomes for the workforce development system as a whole. The Workforce Board first adopted these outcomes in 1996. These outcomes focus on the difference workforce development makes in the lives of program participants, their families, and their communities. These outcomes are not static targets but conditions that should be increasingly true for all people. Results on indicators of these outcomes should be measured for the population as a whole and separately for women, people of color, and people with disabilities.

- **Competencies:** Washington’s workforce possesses the skills and abilities required in the workplace.
- **Employment:** Washington’s workforce finds employment opportunities.

- **Earnings:** Washington's workforce achieves a family wage standard of living from earned income.
- **Productivity:** Washington's workforce is productive.
- **Reduced Poverty:** Washington's workforce lives above poverty.
- **Customer Satisfaction:** Workforce development participants and their employers are satisfied with workforce development services and results.
- **Return on Investment:** Workforce development programs provide returns that exceed program costs.

### **Workforce Development Systemwide Indicators**

In order to measure Washington's progress in achieving these outcomes, PMCI includes systemwide indicators. Most of these are measures of the state's whole workforce, not just individuals who have gone through the programs. We want to know how well the whole state is doing, not just the relatively small part of our population who have been program participants.

No single quantitative measure can accurately depict the desired results for any of the desired outcomes. For example, for the outcome of employment, a low unemployment rate may seem like the best measure. However, a low unemployment rate can be created by a population exodus from an area where total employment is stagnant or falling. Therefore, to measure the desired outcome of employment, we need to measure the unemployment rate, the number of jobs created, and other variables as well.

Each variable is an indicator of how well the state is doing. Viewed in isolation they might be misleading, but together they paint a descriptive picture. By most indicators, we have made substantial improvement in recent years.

### **Systemwide Indicators and Most Recently Available Results**

#### ***Competencies***

- Percentage of Washington residents aged 25 and older who have earned a high school diploma or GED: 83.8 percent in 1990; 87.1 percent in 2000.
- Percentage of Washington residents aged 25 and older who have some postsecondary education: 55.9 percent in 1990; 62.1 percent in 2000.
- Percentage of Washington residents aged 25 and older who have earned a vocational Associate of Arts degree: 4.4 percent in 1990; 44 percent in 2000.
- The median age of job preparatory graduates from the community and technical college system: 31.1 years in 1995-96; 31.4 years in 1999-2000.

- Percentage of workforce training participants who report their job specific skills improved a lot: 67 percent for 1995-96 participants; 89 percent for 1999-2000.
- Percentage of employed former workforce training participants who report their training was related to the job held nine months after leaving their program: 69 percent for 1995-96 participants; 64 percent for 1999-2000.

### ***Employment***

- The proportion of people unemployed or underemployed (part time involuntary) in Washington's labor force compared to the proportion in the U.S: 1.43 to 1 in 1996; 1.01 to 1 in 1997.
- The number of new jobs created in Washington per year (does not include agricultural jobs, the count for which is unavailable): 96,400 in 1997; 82,100 in 1998.
- Mean duration of unemployment in Washington compared to the U.S: 115 percent in 1997; 128 percent in 1998.
- Percentage of workforce development program participants self-reporting employment six to nine months after leaving their program: 80 percent for 1995-96 participants; 83 percent for 1997-98.

### ***Earnings***

- Mean annual earnings of Washington workers (stated in 1999 dollars in order to control for inflation): \$30,654 in 1996; \$33,778 in 1998.
- Mean hourly wages of Washington workers (includes only employment covered by unemployment insurance and stated in 1999 dollars in order to control for inflation): \$14.74 in 1996; \$16.24 in 1998.
- Percentage of Washington residents under the age of 65 who are covered by employer-provided health benefits: 67.2 percent in 1997.
- Median hourly wage of workforce development program participants six to nine months after leaving their program (stated in 1999 dollars in order to control for inflation): \$8.21 for 1995-96 participants; \$9.41 for 1997-98 participants.
- Annualized quarterly earnings of workforce development program participants six to nine months after leaving their program (stated in 1999 dollars in order to control for inflation): \$13,718 for 1995-96 participants; \$16,200 for 1997-98 participants.

### ***Productivity***

- Annual gross business income per worker in Washington: \$205,957 in 1998.

## ***Poverty***

- The proportion of Washington residents living below the federal poverty level compared to the proportion in the United States: .91 to 1 in 1995; .69 to 1 in 1997.

## ***Customer Satisfaction***

- Percentage of former workforce training participants satisfied with program services and results: 89 percent for 1995-96 participants; 89 percent for 1997-98.
- Percentage of Washington employers satisfied with the overall quality of former training participants' work: 63 percent in 1997; 73 percent in 1999.

## ***Return on Investment***

- The average ratio of training participants' net benefits (projected to aged 65) to program public costs: 9.9 to 1 for 1991-92 participants.

## **Common Program Outcomes and Indicators**

Individual workforce development programs, such as secondary career and technical education, WIA Title I-B, and apprenticeship each contribute to the desired outcomes for the system. In order to measure the participant results of the programs, PMCI has identified a large number of performance indicators that can be used to measure most workforce development programs.

The Workforce Board uses the common indicators every two years in producing the report, *Workforce Training Results*. The primary purpose of the report, and the common indicators, is to inform continuous improvement in state level policies. The list of common indicators is relatively long so that the information portrays a fairly complete picture of workforce development outcomes. All the indicators are "outcome" as opposed to "process" indicators, and all focus on outcomes for program participants. The focus is on what is good for the customers.

The common indicators and the methodology for measuring them are not permanent. They are continually evolving as we learn more from the research and as the data capacity of programs improves. The PMCI framework endeavors to use indicators that apply, for the most part, across workforce development programs. While the goal is to have consistent indicators and methodology across programs, there remain some differences among programs due to differences in data capability. There are also some differences in the indicators among programs because of differences in the populations served and the purposes of the programs. For instance, an indicator for programs that serve dislocated workers is earnings replacement. Such an indicator does not make sense for measuring programs that provide initial workforce preparation to youth.

The methodology for measuring results relies as much as possible on administrative records as opposed to program staff or participant self-reports. This data source is used in order to enable as much consistency and objectivity across programs as possible. To measure employment and earnings, the methodology takes advantage of the unemployment insurance wage files maintained by the Employment Security Department (ESD) (and the equivalent agency in other states). These files hold information on all employment covered by the unemployment insurance system—approximately 95 percent of all employment.

Another important feature of the methodology is the use of the time period of seven to nine months after a participant has left his or her program as the key period for measuring post-program results. The Workforce Board and its partner agencies have reviewed the actual results for each post-program quarter for three and a half years following program exit for five of the largest workforce development programs. We found that the third post-program quarter is the best possible single representation of the programs' relative and lasting results without waiting years to obtain long term results. Longer term earnings results, however, will also be reported up to two and a half years after program exit.

## **The Most Common Types of Indicators**

### ***Competencies***

- a. **Educational credential attainment and industry certification:** Percentage or number of program participants leaving the program that year who were awarded the relevant educational or skill credential based on administrative records. (A participant is an individual who has demonstrated the intent to complete a sequence of program activities.)
- b. **Basic skills attainment:** Number and rate of participants leaving the program that year attaining certain basic skills gains based upon individual assessments of skill levels.
- c. **Participant perception of competencies gained:** Percentage of former participants who reported their skills improved as a result of the program as evidenced by survey responses from a sample of former participants to questions regarding selected skills.
- d. **Relatedness of training to employment:** Employment rate in the field related to occupational training as evidenced by survey responses from a sample of former participants.

### ***Employment***

- a. **Employment rate of former participants:** Percentage of former participants and the percentage of program completers with employment covered by unemployment insurance and other public administrative records during the third quarter after leaving the program combined with evidence from survey responses of former participants.
- b. **Employment or further education:** Percentage of former participants employed, in the military, or enrolled in education or training during the third quarter after leaving the program combined with evidence from survey responses of former participants.

## ***Earnings and Reduced Poverty***

- a. **Median earnings of former participants:** Median annualized earnings and median hourly wages of former participants and program completers in covered employment during the third quarter after leaving the program, based on unemployment insurance wage records.
- b. **Longer term median earnings of former participants:** Median annual earnings of former program participants and program completers in covered employment during four consecutive quarters after leaving the program, based on unemployment insurance wage records during post-program quarters three through six and seven through ten.
- c. **Median earnings replacement for dislocated workers:** Median of the ratio of dislocated worker participants' third quarter post-program earnings to their third quarter pre-separation earnings, based on unemployment insurance wage records.
- d. **Poverty and "family wage" standards of living:** Percentage of participants with earnings above the poverty level and the percentage above twice the poverty level.
  - 1. Number of individuals that former program participants' median covered earnings can support at the poverty level, based on unemployment insurance wage records during the third quarter after leaving the program.
  - 2. Percentage of former program participants who can support a family of one, a family of two, and a family of three at the poverty level, based on unemployment insurance wage records for the third quarter after leaving the program.
  - 3. Number of individuals that former participants' median covered earnings can support at twice the poverty level for a household of three during the third quarter after leaving the program.
- e. **Employee benefits:** Percentage of former program participants who receive employer-provided health benefits and the percentage who participate in pension plans during the third quarter after leaving the program.
- f. **Percentage of former participants receiving public assistance:** Percentage of former participants receiving TANF cash assistance during the third quarter after leaving the program based on administrative records.
- g. **Distribution of earnings:** The distribution of former participants annualized earnings over the range of earnings of Washington workers. Measured by the percentage of former participants with annualized earnings during the third post-program quarter in each quintile of the distribution of earnings of all Washington workers with covered wages, based on unemployment insurance wage records.

### ***Customer Satisfaction***

- a. **Individual satisfaction** as evidenced by the percentage of a sample of former participants who report satisfaction in response to a survey.
- b. **Employer satisfaction** as evidenced by the percentage of employers who report satisfaction with new employees who are recent program completers in response to a survey.

### ***Return on Investment***

The ratio of program participants' net increase in earnings and employer provided benefits compared to the public cost of the program, as measured by nonexperimental net impact, cost benefit evaluations.

### ***State Core Indicators***

State core indicators are a small subset of the common indicators that serve purposes in addition to informing continuous improvement in state level policies. Core indicators are important for motivating desired behavior by program administrators and staff and for unifying workforce development programs around common purposes. Like the rest of the common indicators, they are also important for providing consistent measures so that, for example "the percentage employed" means the same thing from one program to another.

The Workforce Board will use the state core indicators to measure results of statewide programs such as secondary career and technical education in the state, the results of local workforce development councils, and the results of individual providers such as particular colleges. These are the indicators, along with federal mandatory indicators, for which the Board will set numerical performance standards for statewide and area results. The Workforce Board will use performance against these standards to determine performance-based consequences: incentives, sanctions, or other intervention measures.

### ***Employment or Further Education of Former Program Participants***

- a. **Programs serving adults:** Percentage of former participants with employment recorded in unemployment insurance and other administrative records during the third quarter after leaving the program.
- b. **Programs serving youth:** Percentage of former participants with employment or further education as recorded in unemployment insurance, student, and other administrative records during the third quarter after leaving the program combined with evidence from survey responses of former participants.

### ***Earnings of Former Program Participants***

- a. **Programs serving adults:** Median annualized earnings of former participants with employment recorded in unemployment insurance wage records during the third quarter after leaving the program.

- b. **Programs serving youth:** Median annualized earnings of former participants with employment recorded in unemployment insurance wage records during the third quarter after leaving the program, measured only among the former participants not enrolled in further education during the quarter.

### ***Educational Attainment of Program Participants***

Percentage or number of program participants leaving the program that year who achieved appropriate skill gains or were awarded the relevant educational or skill credential based on administrative records.

### ***Employer Satisfaction with Former Program Participants***

Percentage of employers who report satisfaction with new employees who are program completers as evidenced by survey responses.

(Note: This indicator is to be measured at the state level and is not required as an indicator for local education institutions. The Workforce Board will not survey a sufficient sample of former participants to measure satisfaction with each school or college.)

### ***Former Participant Satisfaction***

Percentage of former participants who report satisfaction with the program as evidenced by survey responses.

(Note: This indicator is to be measured at the state and area level and is not required as an indicator for local education institutions.)

## **Federal Core Indicators and State Additional Indicators**

The federal Carl Perkins Act and WIA specify certain mandatory indicators of program results. Mandatory federal core indicators are different for each program. States have the discretion to identify additional state indicators. The identification of additional state indicators enables the state to have some indicators of performance that are consistent across programs and allows states to focus on results they deem truly important and informative to policymakers and program administrators alike. The above state core indicators are additional state indicators for Washington when they do not duplicate federal indicators.

## **Expected Levels of Performance on Core Program Indicators**

The Workforce Board has identified expected levels of performance on each of the state and federal core program indicators. The federal WIA and the Carl Perkins Act refer to these standards as “adjusted levels of performance.” These expected levels of performance are for secondary and postsecondary vocational education, WIA Title I-B, and WIA Title II-Adult Education and Family Literacy. In future modifications of the strategic and operational plans, additional programs of the workforce development system will be added to this process.



The Workforce Board collected and analyzed baseline data on performance for these programs for participants who completed or otherwise left their program between July 1, 1997, and June 30, 1998—program year (PY) 1998. The Board used this baseline data in order to set expected levels of performance for the future. The expected level of performance is not the same for each program. Programs serve different populations for different purposes. Programs that serve youth, for example, should not be expected to have the same performance as programs serving adults. Also, the expected increase is not the same for each indicator. Some areas of performance are more difficult to change than others. In some areas, programs are already performing at or near peak levels, so little if any improvement can be expected, while in other areas, substantial improvements can and should be made. The Workforce Board's performance targets for the future emphasize improving employer satisfaction, participant earnings, and educational attainment.

The following tables show the federal and state indicators for vocational education, WIA Title I-B, and Adult Education and Literacy. Included in the tables are the actual results for the first three years of the plan and the expected levels of performance for years four and five. The expected levels of performance take into account economic conditions and the demographic characteristics of program participants. The economic recession of recent years made it more challenging to achieve desired results, particularly for participant earnings and employment rates. Some of the targets, for later years of the plan have, therefore, been re-based to take into account the effects of the recession. Should the economic and demographic factors change in the future, the Workforce Board will negotiate revisions in the expected levels of performance with the U.S. Departments of Education and Labor.

### State and Federal Core Indicators

S = State Core Indicator

F = Federal Core Indicator

WIA Measures - Youth	Performance			Targets	
	(Year 1)	(Year 2)	(Year 3)	(Year 4)	(Year 5)
<b>Educational Attainment</b> (S) – Percentage of participants who obtained an appropriate credential.	46.5%	51.4%	67.6%	67.0%	69.0%
<b>Credential Attainment</b> (a) (F) – Among former participants, the percentage who attained a high school diploma or GED (younger youth). Measured for those not in high school at exit.	46.1%	64.9%	63.8%	52.0%	53.0%
<b>Credential Attainment</b> (b) (F) - Among former training participants, the percentage who completed education or training (older youth). Measured for only those who were employed.	46.4%	44.6%	52.7%	45.0%	46.0%
<b>Younger Youth Skills</b> (F) - Percentage of skill goals set for youth aged 14-18 that are attained within one year.	87.5%	70.6%	82.8%	73.0%	75.0%
<b>Employment or Further Ed</b> (a) (S) - Percentage of former participants who were employed, in the military, or enrolled in education or training during the third quarter after the program (all youth).	59.3%	79.8%	72.0%	68.0%	70.0%
<b>Employment or Further Ed</b> (b) (F) - Percentage of former participants who were employed, in the military, or enrolled in education or training during the third quarter after the program (younger youth).	57.6%	57.8%	63.8%	58.5%	59.0%

	Performance				Targets	
	(Year 1)	(Year 2)	(Year 3)		(Year 4)	(Year 5)
<b>WIA Measures - Youth</b>						
<b>Entered Employment</b> (OY) (F) - Percentage of older youth not employed at program registration who were employed during the first quarter after exiting the program.	67.9%	69.2%	71.5%		70.0%	70.5%
<b>Retention in Employment</b> (OY) (F) - Percentage of older youth who entered employment during the first quarter after exiting the program who were employed during the third post-program quarter.	78.0%	76.6%	79.6%		78.0%	78.0%
<b>Annualized Earnings</b> (S) (2003 Dollars) - Median annualized earnings of former participants during the third quarter after leaving the program. (Only former participants not enrolled in further education were counted for this indicators.)	\$7,557	\$7,237	\$9,231		\$8,881	\$9,325
<b>Earnings Gain</b> (OY) (F) - Difference between earnings in the second and third quarters after exit and the second and third quarters before registration for older youth.	\$3,186	\$2,850	\$2,625		\$2,850	\$2,900
<b>Employer Satisfaction</b> (S) - Percentage of employers who reported satisfaction with new employees who were program completers as evidenced by survey responses to the biennial survey conducted by the Workforce Board. (Not required below the state level. Not calculated separately for youth, adults, or dislocated workers.)	72.8%	N.A.	83.1%		N.A.	
<b>Employer Satisfaction</b> (F) - Employer satisfaction with services they directly received as evidenced by responses to survey questions after service completion. (Not calculated separately for youth, adults, or dislocated workers.)	67.6	68.1	67.8		68.0	69.0
<b>Participant Satisfaction</b> (S) - Percentage of former participants who reported satisfaction with the program as evidenced by survey responses six to nine months after leaving the program.	94.6%	N.A.	94.1%		94.0%	94.0%
<b>Participant Satisfaction</b> (F) - Percentage of former participants who reported satisfaction with the program as evidenced by survey responses six to nine months after leaving the program.	76.4	75.9	75.0		75.0	75.0

	Performance				Targets	
	(Year 1)	(Year 2)	(Year 3)		(Year 4)	(Year 5)
<b>WIA Measures – Adults</b>						
<b>Educational Attainment</b> (S) - Percentage of completers who obtained an appropriate credential.	39.7%	62.6%	62.4%		63.0%	65.0%
<b>Credential Attainment</b> (F) - Among former training participants, the percentage who became employed and completed training.	66.3%	66.0%	70.4%		68.0%	69.0%
<b>Employment</b> (S) - Percentage of former participants who were employed during the third quarter after leaving the program. (Only former participants, not enrolled in further education, were counted for this indicator.)	68.2%	66.1%	74.5%		74.0%	75.0%

	Performance			Targets	
	(Year 1)	(Year 2)	(Year 3)	(Year 4)	(Year 5)
<b>WIA Measures - Adults</b>					
<b>Entered Employment (F)</b> - Percentage of participants not employed at program registration who were employed during the first quarter after exiting the program.	72.1%	74.8%	80.7%	75.0%	75.5%
<b>Retention in Employment (F)</b> - Percentage of participants who entered employment during the first quarter after exiting the program who were employed during the third post-program quarter.	81.7%	79.4%	83.8%	81.0%	82.0%
<b>Annualized Earnings (S)</b> (2003 Dollars) - Median annualized earnings of former participants during the third quarter after leaving the program. (Only former participants not enrolled in further education were counted for this indicator.)	\$15,848	\$16,436	\$18,174	\$18,714	\$19,276
<b>Earnings Gain (F)</b> - Difference between earnings in the second and third quarters after exit and two quarters of preregistration earnings (based on average earnings in the four quarters before registration).	\$4,156	\$3,752	\$3,894	\$3,600	\$3,750
<b>Employer Satisfaction (S)</b> - Percentage of employers who reported satisfaction with new employees who were program completers as evidenced by survey responses to the biennial survey conducted by the Workforce Board. (Not required below the state level. Not calculated separately for youth, adults, or dislocated workers.)	72.8%	N.A.	83.1%	N.A.	
<b>Employer Satisfaction (F)</b> - Employer satisfaction with services they directly received as evidenced by responses to survey questions after service completion. (Not calculated separately for youth, adults, or dislocated workers.)	67.6	68.1	67.8	68.0	69.0
<b>Participant Satisfaction (S)</b> - Percentage of former participants who reported satisfaction with the program as evidenced by survey responses six to nine months after leaving the program.	85.8%	N.A.	90.6%	90.0%	90.0%
<b>Participant Satisfaction (F)</b> - Participant satisfaction with services as evidenced by responses to survey questions. (Not calculated separately for youth, adults, or dislocated workers.)	76.4	75.9	75.0	75.0	75.0

	Performance			Targets	
	(Year 1)	(Year 2)	(Year 3)	(Year 4)	(Year 5)
<b>WIA Measures – Dislocated Workers</b>					
<b>Educational Attainment (S)</b> - Percentage of completers who obtained an appropriate credential.	46.3%	71.8%	64.8%	70.0%	72.0%
<b>Credential Attainment (F)</b> - Among former training participants, the percentage who became employed and completed training.	71.5%	71.9%	67.5%	70.0%	71.0%

WIA Measures – Dislocated Workers	Performance			Targets	
	(Year 1)	(Year 2)	(Year 3)	(Year 4)	(Year 5)
<b>Employment (S)</b> - Percentage of former participants who were employed during the third quarter after leaving the program. (Only former participants, not enrolled in further education, were counted for this indicator.)	76.4%	78.3%	79.7%	80.0%	80.0%
<b>Entered Employment (F)</b> - Percentage of participants who were employed during the first quarter after exiting the program.	78.1%	81.8%	80.6%	78.5%	79.0%
<b>Retention in Employment (F)</b> - Percentage of participants who entered employment during the first quarter after exiting the program who were employed during the third post-program quarter.	90.1%	90.6%	91.1%	90.5%	91.0%
<b>Annualized Earnings (S)</b> (2003 Dollars) - Median annualized earnings of former participants during the third quarter after leaving the program. (Only former participants not enrolled in further education were counted for this indicator.)	\$24,574	\$26,180	\$26,470	\$28,361	\$29,212
<b>Earnings Gain (F)</b> - Ratio of earnings during the second and third quarters after exit divided by earnings in the second and third quarters before job dislocation.	91.2%	88.2%	83.2%	86.0%	86.0%
<b>Employer Satisfaction (S)</b> - Percentage of employers who reported satisfaction with new employees who were program completers as evidenced by survey responses to the biennial survey conducted by the Workforce Board. (Not required below the state level. Not calculated separately for youth, adults, or dislocated workers.)	72.8%	N.A.	83.1%	N.A.	
<b>Employer Satisfaction (F)</b> - Employer satisfaction with services they directly received as evidenced by responses to survey questions after service completion. (Not calculated separately for youth, adults, or dislocated workers.)	67.6	68.1	67.8	68.0	69.0
<b>Participant Satisfaction (S)</b> - Percentage of former participants who reported satisfaction with the program as evidenced by survey responses six to nine months after leaving the program.	86.9%	N.A.	89.5%	89.0%	89.0%
<b>Participant Satisfaction (F)</b> - Participant satisfaction with services as evidenced by responses to survey questions. (Not calculated separately for youth, adults, or dislocated workers.)	76.4	75.9	75.0	75.0	75.0

Secondary Vocational Education Measures	Performance			Targets	
	(Year 1)	(Year 2)	(Year 3)	(Year 4)	(Year 5)
<b>Educational Attainment</b> (F, S) - Percentage of completers who obtained an appropriate credential.	92.8%	94.9%	92.0%	93.2%	93.2%
<b>NonTraditional Education/Training</b> (F) (a) - Percentage of students who participated in vocational career education programs that lead to nontraditional employment for their gender.	38.5%	42.0%	37.7%	37.8%	37.8%
<b>NonTraditional Education/Training</b> (F) (b) - Percentage of students who completed vocational career education programs that lead to nontraditional employment for their gender.	38.8%	38.8%	31.5%	33.1%	33.1%
<b>Employment or Further Education</b> (F, S) - Percentage of completers who were employed, in the military, or enrolled in further education or training during the third quarter after leaving.	73.4%	75.8%	74.4%	71.6%	72.1%
<b>Earnings</b> (2003 Dollars) (S) - Median annualized earnings of completers during the third quarter after leaving the program. (Only former participants not enrolled in further education were counted for this indicator.)	\$10,613	\$10,613	\$10,424	\$10,529	\$10,634
<b>Employer Satisfaction with Participants</b> (S) - Percentage of employers who reported satisfaction with new employees who were program completers as evidenced by survey responses to the biennial survey conducted by the Workforce Board. (Not required below the State level.)	81.3%	N.A.	81.6%	N.A.	80.0%
<b>Participant Satisfaction</b> (S) - Percentage of former participants who reported satisfaction with the program as evidenced by survey responses six to nine months after leaving the program. (Not required below the state level.)	97.0%	N.A.	95.7%	N.A.	95.0%

Postsecondary Vocational Education Measures	Performance			Targets	
	(Year 1)	(Year 2)	(Year 3)	(Year 4)	(Year 5)
<b>Educational Attainment</b> (S) – Number of participants prepared for the workforce.	18,973	20,889	22,319	20,300	22,600
<b>Educational Attainment</b> (F) - Percentage of participants prepared for the workforce.	57.3%	56.5%	56.5%	58.3%	58.5%
<b>NonTraditional Education/Training</b> (F) (a) - Percentage of students who participated in vocational career education programs that lead to nontraditional employment for their gender.	19.3%	20.1%	20.4%	19.3%	19.3%
<b>NonTraditional Education/Training</b> (F) (b) - Percentage of students who completed vocational career education programs that lead to nontraditional employment for their gender.	18.2%	18.6%	17.6%	18.6%	18.6%

	Performance			Targets	
Postsecondary Vocational Education Measures	(Year 1)	(Year 2)	(Year 3)	(Year 4)	(Year 5)
<b>Employment or Further Education</b> (F, S)- Percentage of former participants who were employed, in the military, or enrolled in further education or training during the third quarter after leaving.	76.9%	76.9%	75.1%	72.4%	72.9%
<b>Employment Retention</b> (F) - Percentage of participants who entered employment during the first quarter after exiting the program who were employed during the third post-program quarter.	76.1%	76.1%	73.7%	71.7%	72.2%
<b>Earnings</b> (S) (2003 Dollars) - Median annualized earnings of former participants during the third quarter after leaving the program. (Only former participants not enrolled in further education were counted for this indicator.)	\$22,894	\$22,466	\$21,525	\$21,740	\$21,958
<b>Employer Satisfaction with Participants</b> (S)- Percentage of employers who reported satisfaction with new employees who were program completers as evidenced by survey responses to the biennial survey conducted by the Workforce Board. (Not required below the state level.)	88.1%	N.A.	91.1%	N.A.	90.0%
<b>Participant Satisfaction</b> (S) - Percentage of former participants who reported satisfaction with the program as evidenced by survey responses six to nine months after leaving the program. (Not required below the state level.)	91.8%	N.A.	87.2%	N.A.	91.0%

	Performance			Targets	
Adult Basic Education Measures	(Year 1)	(Year 2)	(Year 3)	(Year 4)	(Year 5)
<b>Educational Attainment</b> (F) - Percentage of adults enrolled in basic literacy programs who completed a level of instruction.	33%	41%	48%	35%	50%
<b>Literacy Gains</b> (F) - Percentage of adults enrolled in English Literacy programs who demonstrated improvements in English language skill level.	39%	42%	48%	34%	50%
<b>High School Completion</b> (F) Percent of adult learners with a high school completion goal who earned a high school diploma or GED.	25%	25%	22%	42%	23%
<b>Entered Postsecondary Education or Training</b> (F) – Percentage of adult learners with the goal to continue their education who enter postsecondary education or training.	60%	31%	93%	60%	33%
<b>Entered Employment</b> (F) – Percentage of adult unemployed learners with an employment goal who were employed at the end of the first quarter after they exited the program.	31%	44%	19%	32%	20%
<b>Retained Employment</b> (F) – Percentage of adult learners with a job retention goal at enrollment or employed in the quarter after exit who were employed in the third quarter after leaving.	80%	77%	42%	63%	44%

	Performance			Targets	
	(Year 1)	(Year 2)	(Year 3)	(Year 4)	(Year 5)
<b>Adult Basic Education Measures</b>					
<b>Employment</b> (S) - Percentage of former participants who were employed or in the military during the third quarter after leaving.	60%	N.A.	55%	56%	56%
<b>Annualized Earnings</b> (S) (2003 Dollars) - Median annualized earnings of former participants during the third quarter after leaving the program. (Only former participants not enrolled in further education were counted in this indicator.)	\$15,804	N.A.	\$15,104	\$15,255	\$15,406
<b>Employer Satisfaction with Participants</b> (S) - Percentage of employers who reported satisfaction with new employees who were program completers as evidenced by survey responses to the biennial survey conducted by the Workforce Board. (Not required below the state level.)	77.2%	N.A.	87.5%	N.A.	89%
<b>Participant Satisfaction</b> (S) - Percentage of former participants who reported satisfaction with the program as evidenced by survey responses six to nine months after leaving the program. (Not required below the state level.)	87.0%	N.A.	85.3%	N.A.	87%

## Local Area Performance

### *Strategic and Operational Performance Indicators*

Local workforce development councils will use performance indicators for strategic planning for the area's workforce development system as a whole and operationally in their role as overseers of WorkSource and WIA Title I-B.

For strategic planning purposes, the Workforce Board provides local councils with performance of area programs on the common and core indicators discussed in this chapter. These performance results should inform councils of program strengths and opportunities for improvement. The results will also be available to participants and stakeholders in the system. Local strategic plans will contain strategies to effect these improvements.

Under WIA, local councils are directly responsible for the performance of WorkSource operators and WIA Title I-B. The most critical indicators of performance will be the state and federal core indicators identified in this chapter.

### *Expected Levels of Performance on Core Program Indicators*

Each workforce development area has expected levels of performance on each of the state and federal core indicators for WIA Title I-B. The expected levels of performance depend in part on local economic and other conditions and the demographic characteristics of participants served. In order to adjust expected local levels of performance for such factors, the Workforce Board applies multiple regression models. The local council and Chief Local Elected Official(s) may request to negotiate performance targets with the state Workforce Board and introduce data not considered by the models.

## **WorkSource Performance**

### ***WorkSource Participant Population***

Local councils also use performance information in overseeing the area Work-Source system. WorkSource participants include individuals and employers who receive services through a WorkSource Center or an affiliate site providing services funded under WIA Title I, WIA Title III (Wagner-Peyser), or the state's WorkFirst program's employment-related services. Participants in other programs are counted for a particular service when the program dedicates resources for that service to WorkSource. Together, these populations are considered the WorkSource participant population for purposes of accountability.

### ***WorkSource Performance Measures***

For registered participants, the Workforce Board supplies each local council with the results on all of the state and federal core indicators listed for WIA Title I.

The Workforce Board uses additional indicators to measure performance of WorkSource in serving all participants, not just participants who register. The following are these indicators:

- Percentage of employers using WorkSource services
- Percentage of total workers using WorkSource services
- Customer perception of seamlessness
- Staff perception of seamlessness
- Number of students who are WorkSource participants

### **“Consumer Report System”**

The Workforce Board operates a “consumer report system” of training provider results, as well as course descriptions and other key information for potential students ([www.jobtrainingresults.org](http://www.jobtrainingresults.org)). The consumer report system presents information on individual programs of study at individual institutions. For example, the network administrator program at college X. Information includes student characteristics, employment and earnings of former students, and where to learn more about the college and the program.

The consumer report system also includes the state Eligible Training Provider List (ETPL) [www.wtb.wa.gov/etp](http://www.wtb.wa.gov/etp). This is the list of training programs that are eligible to train students funded by WIA Individual Training Accounts or dislocated workers receiving extended unemployment insurance benefits under the state's Training Benefits Program. To be on the list, a training program must satisfy the Workforce Board's performance criteria. Each year, the Workforce Board establishes minimum standards that programs must meet for completion rates, employment rates, and earnings of former students. The ETPL identifies the training programs that meet the standards.



## **Performance Based Consequences**

### ***System Level***

WIA authorizes incentive funding for states that exceed the “adjusted levels of performance” in WIA Title I-B, adult education and family literacy, and career and technical education. The amount available to a state has been in the range of \$750,000 to \$3 million. A state that achieves 100 percent on the average for all the federal core indicators for each program is considered to have exceeded the “adjusted levels of performance,” so long as performance does not fall below 80 percent on any indicator.

When Washington State receives such an incentive award, the state allocates the funds to local areas that exceeded their expected level of performance in these programs, including performance on the state core indicators as well as on the federal core indicators. The Workforce Board identifies the size of the award for each year, and ESD allocates the funds. The funds must be used for system building activities, not activities that pertain only to a particular program, i.e., WIA Title I-B, Adult Education and Family Literacy, or Vocational Education.

### ***Program Level***

For WIA Title I-B, the state earmarks a portion of the state set aside to reward local areas that exceed 100 percent of the average of the expected levels of performance for the state and federal core indicators. ESD allocates these funds to local areas.

If the state fails to meet the “adjusted levels of performance” on the federal core indicators for WIA Title I-B for two consecutive years, the Department of Labor (DOL) can withhold up to five percent of the state’s WIA Title I-B funds. DOL considers states to have failed to meet the levels if performance falls below 80 percent of the target.

If a local area fails to achieve 80 percent average performance across the state and federal core indicators for WIA Title I-B, ESD will require the local council to submit either a performance improvement plan or a modified local plan to the state. If such failure continues for a second consecutive year, the Governor may require the development of a reorganization plan. If the state is sanctioned by DOL for poor performance, ESD will withhold a proportional amount of funds from local areas based on their average performance across the state and federal core indicators.

To be eligible to receive funding under WIA Title I-B, all training providers must meet the performance standards established by the Workforce Board and local workforce development councils. If a training provider fails to meet the standards for any one year, the provider will not be an eligible provider of WIA Title I-B funded training for the year beginning the first quarter after the substandard performance is reported.

Under the Carl Perkins Act, if the state fails to meet the “adjusted levels of performance” the “state eligible agency,” which is the Workforce Board, must develop and implement a program improvement plan in consultation with the Office of Superintendent of Public Instruction (OSPI), the State Board for Community and Technical Colleges (SBCTC), and other partners. If the state fails to meet the levels of performance for a second consecutive year, the U.S. Department of Education (DOE) may withhold all or a portion of Carl Perkins Act funds from the state.

If the state is sanctioned by DOE for poor performance, the Workforce Board will reduce the allocation of funds to the secondary and/or postsecondary systems proportional to the sanction and to the extent that the secondary and/or postsecondary systems contributed to the poor results.

If a college or school district is not making substantial progress in achieving the expected levels of performance, SBCTC or OSPI, on behalf of the Workforce Board, will assess what is needed to overcome the performance deficiencies, approve a local improvement plan, and conduct regular evaluations of progress.

If the Workforce Board allocation of the Carl Perkins Act funds to its secondary or postsecondary system is reduced due to federal sanctions, OSPI and SBCTC will determine the resulting impact on school districts and colleges, respectively, and allocate the funds accordingly.

SBCTC/Office of Adult Literacy has identified similar performance based interventions for Adult and Family Literacy applications.

## **Measuring and Reporting Results**

### ***Data Collection***

The Workforce Board provides information on the results of secondary and postsecondary career and technical education, WIA Title I-B, work related adult education and family literacy and other workforce development programs, and the WorkSource One-Stop system to the appropriate federal agencies, state policymakers, and local workforce development councils. To accomplish this, the Workforce Board ensures that participant data from each of these programs and from WorkSource are collected and matched with administrative records for the purpose of measuring the common and core indicators. The Board also conducts participant and employer surveys for these programs and for WorkSource and provides area level breakdowns of the results.

The specific data source(s) for participant records for each program is identified in the program's operating plan.

For WorkSource participants, the Services, Knowledge and Information Exchange System (SKIES) collects and maintains data. The following figure shows the data elements, at a minimum, that are to be collected and recorded for all WorkSource participants who request services other than self-service or information only services.

### **Common Data Elements that Will be Collected at Intake on Program Participants**

- |                       |               |                        |
|-----------------------|---------------|------------------------|
| 1. Date               | 2. First Name | 3. Last Name           |
| 4. Phone/FAX/E-Mail   | 5. Address    | 6. Social Security #   |
| 7. Services Requested | 8. Gender M/F | 9. Limited English Y/N |
| 10. Date of Birth     |               |                        |

11. Disability Status—Do you have a physical or mental impairment that:

- a. Limits the kind or amount of work you can do at a job? Y/N
- b. Prevents you from working at a job? Y/N

12. What is your highest grade completed?

0 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22+

13. What is the highest level of certification or degree you have achieved?

High school diploma

GED

Some schooling after high school but no degree or certificate

Vocational certificate/diploma

Two-year Associates Vocational Degree

Two-year Associates Academic degree

Bachelors degree

Graduate degree

Other

14. With which racial group do you most closely identify? For selection of specific choices, use current U.S. Census elements.

15. Intake Location

16. Currently Employed? Y/N

17. U.S. Veteran: Y/N

18. Displaced Homemaker: Y/N

19. Out-of-School Youth: Y/N

20. Family Size

21. Receive Public Cash Assistance: Y/N

The Workforce Board, in partnership with SBCTC, ESD, and OSPI have formed the Participant Outcomes Data Consortium (PODC) to oversee the matching of participant records with administrative records, including unemployment insurance wage records and college and university student enrollment records. Washington uses this data matching process for measuring the performance indicators that are based on administrative record matches. Using the PODC matching system ensures that common methodological protocols are used in calculating the results of workforce development programs.

For survey based research, the Workforce Board and its partner agencies have identified a pool of common survey questions. There are two pools of questions: one for individual participants and one for employers. The questions form the content of the Workforce Board's survey research. The questions also are a pool from which other workforce development programs and agencies may draw when surveying individuals or employers about their program experience or outcomes. The use of the common questions helps to ensure consistency in survey based research throughout the system.

Training providers that want to offer training funded through Individual Training Accounts authorized under WIA Title I-B are required to submit cost and participant data to the Workforce Board. The Board uses the PODC system to match the participant records against other administrative records in order to measure provider performance. Provider performance is calculated for each field of study that the provider wants to be eligible for Title I-B funding. The Workforce Board uses this data in establishing the required levels of provider performance, discussed earlier in this chapter, for providers to be placed on the list of eligible providers for WIA Title I-B funded training.

### ***Quarterly Results***

Quarterly results on the state and federal core performance indicators that are based on administrative records are available for WIA Title I-B. The Workforce Board reports these results to local councils and to DOL.

### ***Annual Results***

The Workforce Board prepares the annual performance reports required under WIA Title I and the Carl Perkins Act to DOL and DOE, respectively. These reports contain the annual results on the state and federal core performance indicators and other measures required under the federal acts.

### ***Biennial Results***

The Workforce Board publishes *Workforce Training Results* every two years. This report contains the program results on the common indicators for which data is available for all the major workforce development programs. The Board presents this report to the Governor and Legislature. The purpose of the report is to inform improvement in state level policy.

### ***Net-Impact and Cost-Benefit Results***

The Workforce Board conducts a net impact and cost benefit evaluation of workforce development programs every four years. The Board reports the results to the Governor and Legislature. The purpose of the net impact and cost benefit report is to also inform improvement in state level policy.

### **Continuous Quality Improvement**

In 1997, Governor Locke issued Executive Order 97-03 on Quality Improvement. This Order directs:

- Each agency shall develop and implement a program to improve the quality, efficiency, and effectiveness of the public services it provides through quality improvement, business process redesign, employee involvement, and other quality improvement techniques.
- Each agency shall evaluate the results of its quality, service, and management improvement programs including, but not limited to, leadership, information and analysis, strategic planning, human resource development and management, process improvement, business results, and customer focus and satisfaction.

Consistent with the Governor's Executive Order and WIA's call for continuous quality improvement, the WorkSource system has widely implemented quality principles. In order to be initially certified during 1999, the state required each WorkSource Center and Affiliate Site to complete a self assessment based upon the quality categories of the Malcolm Baldrige Criteria for Performance Excellence.

The initial self assessment can serve as a baseline from which local areas can set goals for annual improvement. In addition to the self assessment, WorkSource operators were required to sign a statement that confirms a commitment to continuous quality improvement and focus on priority areas of need.

Such quality efforts are expected to continue in the future. Under WIA, each local area must provide in its local WIA Title I-B plan, "a description of how the local board will ensure the continuous improvement of eligible providers of services through the system (the one-stop delivery system) and ensure that such providers meet the employment needs of local employers and participants."

In order to meet this requirement, local councils are encouraged to continue to conduct annual self assessments using a tool that uses the Malcolm Baldrige Quality Criteria. The self assessment process should involve all partner programs staff involved in WorkSource Centers. Measurements of the business results should include the state and federal core indicators for WIA Title I.

A critical part of quality improvement is customer focus. WorkSource Centers and Affiliates should measure customer satisfaction during the time of service and at the time of exit from service. This information should be used to improve the day-to-day operation of WorkSource.

### **Key Measures**

The next chapter of the plan sets forth the key goals, objectives, and strategies for the workforce development system in Washington State. Also identified are the key measures of progress in implementing the plan. The Workforce Board annually tracks the measures to see the workforce system's progress and hold ourselves and other state agencies accountable for making this plan work.

## High Skills, High Wages: Our Agenda for Action

Our vision is a workforce development system that offers every Washington resident access to high quality academic and occupational skills education throughout his or her lifetime, effective help to find work or training when unemployed, the personalized assistance to make progress in the labor market, and Washington employers access to the skilled workforce they need. By anticipating and planning for economic and demographic changes, the workforce development system enhances the prosperity of the state.

### Challenges

This final chapter, *Our Agenda for Action*, emerges from collaboration with workforce development stakeholders across Washington and addresses four critical challenges:<sup>1</sup>

1. Close the gap between the need of employers for skilled workers and the supply of Washington residents prepared to meet that need.
2. Enable workers to make smooth transitions so that they may benefit fully from the new, changing economy, and develop a coherent strategy for dislocated and incumbent worker training.
3. Assist disadvantaged youth, people with disabilities, new labor market entrants, recent immigrants, and low-wage workers in moving up the job ladder during their lifetimes by developing a wage progression strategy for low-income workers. Specific progress should be made in improving operating agencies and reducing the earnings gap facing people of color, people with disabilities, and women.
4. Integrate services provided by separately-funded workforce development programs so that we can provide the best possible service to our customers.

As the background chapters have revealed, major issues must be addressed if we are to meet these challenges.

**Washington's employers still report difficulty in finding skilled workers.** Many dislocated workers cannot obtain jobs in high-demand fields because they lack the current technical skills required by business. Too often employers are forced to search in other states, or even in other countries, for technical workers they cannot find at home.

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<sup>1</sup> RCW 28C.18.060 requires the Workforce Training and Education Coordinating Board to update the state strategic plan for workforce development every two years. Representatives from business, labor, education, related public agencies, and private organizations provided advice on this update.

**Workforce growth slows.** Skilled, high quality workers in the construction and manufacturing trades will be retiring without enough apprentices preparing to fill their jobs. Washington's health care industry is experiencing a twofold dilemma: an acute labor shortage at the same time that our population is aging and increasing demand for health services. The health care worker labor shortage is seriously jeopardizing the availability and quality of health care for the people of Washington, undermining the vitality of one of the largest industries in the state.

**Youth lack preparation.** In high school, too many students lack motivation and support and leave school before graduating. For those who stay, it is too likely they will graduate from high school unprepared even for entry-level work and be unaware not only of the education and skills required by today's employers, but also of the variety of employment opportunities. Many students who do not immediately move on to postsecondary education after high school spend years drifting in dead-end jobs before linking with training at a community or technical college or private career school. Education disparities in dropout rates and the Washington Assessment of Student Learning (WASL) scores reveal that there are even greater challenges for students of color.

**Education and training institutions need to expand transfer and articulation opportunities.** Often students must duplicate coursework that they have already completed at an earlier stage in their careers because their credentials are not widely accepted. And, too many participants leave training programs without a meaningful credential that can convey to employers or postsecondary education what they know and are able to do.

**Low-wage workers require more opportunities for wage progression.** Former public assistance recipients are moving into employment, but too often into low wage jobs that allow little flexibility for balancing work, family, and training for advancement.

**Migrant and seasonal farm workers need education and training opportunities. More migrant and seasonal farm workers need to be connected with programs that offer educational and training opportunities that will lead to more high-skilled, high-wage work within the agricultural industry or in other industries.**

**Mature workers need to keep their skills up to date and retain jobs.** Over the next decade, our labor market will include a larger proportion of mature workers who will need to keep their skills current to keep pace with technological change. At the same time, retired individuals who return to work to supplement their income will need to update their occupational skills and their job-search skills. Seniors bring immense experience to the workplace, and employers should be prepared to retain or hire this population. This is especially significant considering the decreasing rate of growth of Washington's working-age population.

Now more than ever, enhancing the skills and quality of our workforce is critical for ensuring a productive and secure future for all Washington residents. In an age of global competition for good jobs, the places that thrive will be the places with the best educated, most innovative, and most productive people.

## Building on Success

Washington has made great strides forward in workforce development. Public and private partners are working together more than ever before and realizing the benefits of collaboration. Responsible organizations and agencies achieved great success in implementing *High Skills, High Wages 2002*: from K-12 dropout prevention, to targeted resources for postsecondary education and training in high-demand occupations, to more seamless employment services.

**Industry skill panels are spurring economic vitality in local areas.** Industry skill panels support the economy, and the Workforce Training and Education Coordinating Board (Workforce Board) is committed to expanding their numbers across the state. The panels consist of employer, labor representatives and training providers. They assess skill needs for workers in key industries and implement strategies to close skill gaps. As of December 2003, there were 19 current skill panels in construction, electronics, game software development, energy, information technology (IT), manufacturing, and health care. There are 12 health skill panels convened by each of the 12 Workforce Development Councils (WDCs).<sup>2</sup>

**Washington wins the Boeing 7E7 bid.** An outstanding workforce package ensures Boeing access to highly skilled workers, and Boeing workers will enjoy an Employment Resource Center with recruitment, assessment, training, and retention services. The package also includes a component to develop a two-year Aerospace Manufacturing Degree Program.

**Washington receives a national award for exceeding performance targets.** In 2003, Washington was one of five states to receive a \$3 million award from the federal Departments of Labor and Education.<sup>3</sup> The Workforce Board directed that local areas utilize the award to address the shortage of health care workers.

**Washington leads states in performance measurement.** The Department of Labor (DOL) requested that Washington lead the states in a new design for the performance management system across the nation. The Workforce Board has convened teams of leaders from Florida, Michigan, Montana, Oregon, and Texas to carry out the project, known as the *Integrated Performance Information Project*.

**Washington expands customized training to meet employer needs.** For the 2003-05 biennium, the Legislature appropriated funds to expand the Job Skills Program (JSP) from \$1.14 million to \$2.95 million, and the Governor authorized the use of \$3.2 million in 2003-04 WIA funds for customized training. In 2003, 827 incumbent workers received training via JSP and another 706 will be trained in 2004.<sup>4</sup>

**Increasing enrollments in high-demand programs.** For the 2003-05 biennium, the Legislature appropriated \$20.1 million to expand enrollments in education and training programs for occupations that are in high-demand by employers. The supplemental budget for 2005 provides an additional \$7.12 million to expand high demand enrollments.

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<sup>2</sup> For a full description of skill panels see the report *Competitiveness and Opportunity, Public and Private Industry Partnerships that Work*: <http://www.wtb.wa.gov/SKILLS.PDF>.

<sup>3</sup> Workforce development performance targets were exceeded for Workforce Investment Act (WIA) Title I, Perkins Vocational and Technical Education, and Adult Education and Family Literacy.

<sup>4</sup> Provide data on state appropriated funds for incumbent worker training in other states compared to Washington.



**Dealing with health care personnel shortages.**

- The state Health Care Personnel Shortage Task Force, convened by the Workforce Board at the request of the Legislature, has enabled employers, labor, education, and government to tackle labor shortages in nursing and allied health occupations. The Task Force developed a state plan for addressing the severe shortages of health care personnel and reports progress annually.
- All 12 WDCs have established Health Skill Panels to create innovative solutions.
- In 2003, the Legislature appropriated funds to expand higher education capacity of which \$11.8 million was directed to health care education and training programs. As a result there will be about 2,000 more students enrolled in health care programs.<sup>5</sup>

**WorkSource customer service training and new information exchange boosts employment services.**

- Physical and program accessibility of 26 WorkSource Centers were assessed by the Employment Security Department (ESD), the Division of Vocational Rehabilitation (DVR), the Department of Services for the Blind (DSB), and local staff. Teams recommended ways to remove service barriers, and multi-agency staff received customer service training. ESD conducted over 50 outreach events for people with disabilities seeking to obtain work, in addition to a series of Native American disability conferences.
- ESD launched the new information system for WorkSource called Services, Knowledge, and Information Exchange Systems (SKIES).
- DVR supported two conferences on Health Care for Workers with Disabilities (HWD) and the new Ticket to Work program. Over 400 agency staff and affiliates are now prepared to inform 148,000 eligible social security disability beneficiaries about services available via HWD.<sup>6</sup>

**New products deliver in-depth labor-market information.** Jobseekers, students and their parents, career counselors, WorkSource staff, employers, and others can access information on state and local job vacancies, occupations in demand, and wage rates. A new ESD survey of employers estimates job vacancy rates for industries and specific occupations, and state and local job trends, and is conducted twice a year. Results of this survey and other information are available via the *Workforce Explorer*, [www.WorkforceExplorer.com](http://www.WorkforceExplorer.com).

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<sup>5</sup> See the plan in "Crisis or Opportunity?" and a report on progress in fulfilling the plan in, "Progress 2003" at <http://www.wtb.wa.gov/HEALTHCARETASKFORCE.HTM>.

<sup>6</sup> HWD allows people with disabilities to work and earn up to 450 percent of the federal poverty level and still continue their Medicaid coverage, eliminating one of the most significant barriers to employment. See Section 203 of the Ticket to Work and Work Incentives Improvement Act of 1999 Health Care Financing Administration. The Act enables states to eliminate barriers to employment for people with disabilities by improving access to health care coverage available under Medicare and Medicaid, [www.hcfa.gov/medicaid/twwiia/twwiiahp.htm](http://www.hcfa.gov/medicaid/twwiia/twwiiahp.htm)

**A new grant will improve responsiveness to employers.** The Association of Washington Business' (AWB) Institute for Workforce Development and Sustainability (IWDS) won a two-year Workforce Innovations Network (WINs) grant to expand business engagement with the workforce development system.<sup>7</sup> The WINS project will improve AWB member participation on local councils, and design a project to “loan” executives to WorkSource Centers to improve services to business.

**Washington leads in apprenticeship innovations.** New apprenticeship programs have been created in health care occupations. Tacoma-Pierce County WDC's health skill panel, the (Pierce County Health Services Careers Council) and Multicare Health Systems worked with the Washington State Apprenticeship and Training Council to establish a Health Unit Coordinator Apprenticeship, and two apprenticeships in the specialized imaging fields of Computed Tomography and Magnetic Resonance Imaging. These are the first of their kind in the nation. In addition, the 2004 Legislature passed House Bill 3045 providing the Duwamish Center of South Seattle Community College with additional land to expand the number of apprenticeships offered and the Governor set aside \$1 million to create or expand apprenticeships.

**Community colleges and private career schools continue to receive earmarked funds to retrain dislocated workers.** In 2003, the State Board for Community and Technical Colleges (SBCTC) utilized the greatest portion of high-demand funds appropriated by the Legislature to fund the Worker Retraining program. Dislocated workers are able to receive additional weeks of unemployment insurance benefits while retraining. ESD's high quality rapid response system, guided by labor/management committees, is also a significant service for dislocated workers.

**The Workforce Board provides online consumer reports on education and training programs.** The system informs consumers and staff about programs that meet performance standards, program results for placing students into jobs, and pay rates. Find the sites at: <http://www.wtb.wa.gov/etp/> and <http://www.jobtrainingresults.org>.

These are important steps forward and show clear commitment to making our vision real.<sup>8</sup>

#### **[inserted new section]**

#### **Strategic Opportunities for the Next Two Years**

This final chapter of *High Skills, High Wages 2004: Our Agenda for Action* provides a comprehensive plan of 4 goals, 13 objectives, and 38 strategies that includes lead entities responsible for implementation. All the goals, objectives, and strategies are important and responsible entities are committed to implementing the strategies during the next two years and beyond. At the same time, partners are aware of the most important strategic opportunities to further our agenda. The following list encompasses a number of strategies in the plan and provides a focus for partners when they consider new or expanded initiatives:

<sup>7</sup> Launched nationally in 1997 with support from the U.S. Department of Labor, Workforce Innovation Networks is a collaboration of Jobs for the Future, the Center for Workforce Preparation of the U.S. Chamber of Commerce, and the Center for Workforce Success of the National Association of Manufacturers.

<sup>8</sup> For more detailed information on progress that agencies and other partners have been making to fulfill goals, objectives and strategies in the state strategic plan refer to the annual report to the legislature, “Progress of Agencies in Implementing High Skills, High Wages, 2002” and the report for 2003 located at [www.wtb.wa.gov/annualrept02.pdf](http://www.wtb.wa.gov/annualrept02.pdf).

- **Increasing postsecondary education and training capacity** is key to ensuring we close the gap between the need of employers for skilled workers and the supply of Washington residents prepared to meet that need. Even during a recession, 45 percent of employers who reported hiring workers in 2003 said they had difficulty finding qualified applicants. We must target our resources to expand capacity in programs that prepare individuals for the jobs that are in highest demand, and at the same time ensure that all individuals, especially target populations, have access to a broad range of education and training, and retraining opportunities. These opportunities may take place at public and private schools, apprenticeship programs, or at the workplace through customized training. We also need to build capacity at the secondary level, particularly in career and technical education programs.
- **Reducing dropouts and integrating career guidance into school curricula** are necessary for ensuring our teenagers are prepared for success after high school. About one third of Washington students drop out of high school between years nine and twelve. We must build on the success of community partnerships that implement effective dropout/retrieval programs, and hold our schools accountable for engaging and retaining students through graduation. While schools are raising their expectations of students, they need to demonstrate the relevance of education through comprehensive career guidance, career exploration, and including strong career and technical education and work-based learning.
- **Expanding and sustaining skill panels** is essential for enhancing Washington's economic vitality. Industry skill panels harness the expertise of their members: employers, educators, and labor; they identify skill gaps in key economic clusters; and they address those needs. Such partnerships foster innovation and enable industries and public partners to be proactive—addressing changing needs quickly and competently.
- **Increasing training linked to retention support for low-income individuals** is the best way to promote career advancement and wage progression. With the growth of our workforce slowing and the increasing diversity of our population it is essential that we develop career pathways that enable low-income workers to advance, meeting the needs of employers for skilled workers, and our social goal of family self-sufficiency. With the demands of work and family, attending school can be nearly impossible for low-income workers. Individualized supports such as childcare, transportation, counseling, and remediation assistance are often necessary to ensure individuals feel able to start a program, and have the support to complete it. Better and more widely available career guidance can enable adults to develop education and training plans leading to job and wage growth.
- **Increasing basic skills and English-as-a-Second Language instruction that is integrated with occupational skills training** is more likely to lead to wage gains for participants than programs that do not include an occupational component. Without education and training opportunities our illiterate population, our immigrants, our low-income workers, and our unemployed can be stuck in dead ends. When combined with “soft skills” training that improves skills such as cultural awareness, teamwork, and critical thinking, these programs can be even more effective.

- **Expanding customized training for incumbent workers** helps our businesses to be more competitive in the world and our workers more competitive in the labor market. In today's economic context, there is an increasing need to train and retrain incumbent workers to keep pace with technological advances and to take advantage of high performance practices. Customized training can also prevent worker dislocations. Many employers already provide customized training for their employees investing about two percent of payroll on employee training, though few support basic skills training. While state funds support some customized training, we lag far behind other states in publicly supported customized training.

To take advantage of these strategic opportunities, workforce development programs must function as a system, linking partners and resources, and increasing efficiency. Even though lead entities are identified in this plan, we know that mutual support is critical if we are to continue our progress.

### **[end of new section]**

#### **Challenge One: Skills Gap**

**Goal 1: To close the gap between the need of employers for skilled workers and the supply of Washington residents prepared to meet that need.**

#### **Key Performance Measures**

##### **New numbers in July**

1. The number of community and technical college students, private career school students, and apprentices prepared for work compared to the number of net job openings for workers at that education level: We are meeting 78 percent of demand for newly prepared workers, up from 75 percent of two years ago.
2. The number of industry skill panels that are established: Twenty-eight skill panels have been established during the past two years since 2000 (none existed prior to that).

#### **The Issue for Goal 1:**

*"Workforce investment is a top priority for the business community. The U.S. Chamber understands that even in a low-growth economy, employers continue to experience difficulty in finding workers with the right skills. As economic growth accelerates, the need for skilled workers will only increase."*

R. Bruce Josten, U.S. Chamber of Commerce<sup>9</sup>

<sup>9</sup> R. Bruce Josten, Executive Vice President, Government Affairs, U.S. Chamber of Commerce Letter to the U.S. House of Representatives Support H.R. 1261, the Workforce Reinvestment and Adult Education Act of 2003, May 6, 2003.

Employers cannot find enough qualified job applicants to fill job openings. Even during the recession, they faced shortages of *skilled* workers. When surveyed during the fall of 2003, 45 percent of Washington employers who had attempted to hire new employees during the previous 12 months had difficulty finding qualified applicants. This represents an estimated 55,000 employers.<sup>10</sup>

Among employers reporting difficulty, 91 percent had difficulty finding qualified job applicants with job-specific skills. For example, they wanted to hire a computer technician, a carpenter, or a diesel mechanic but they had trouble finding such applicants. Similarly, employers had a hard time finding workers with a postsecondary career and technical credential. An estimated 16,000 firms had difficulty finding applicants with a postsecondary vocational credential, more than had difficulty finding applicants with any other type of education.

The shortage of skilled workers has hurt our state's economic vitality. Economic vitality depends on workforce development especially in the key economic clusters where the state has a competitive advantage.<sup>11</sup>

**Objective 1.1: Create private-public partnerships to enable individuals to move up job and career ladders throughout their lives.**

### Strategies

#### 1.1.1 Create and enhance industry skill panels especially in high demand economic clusters such as health care and information technology.

**Lead Organization:** Workforce Training and Education Coordinating Board.

*Key Economic Clusters: A cluster is a geographic concentration of interconnected companies, specialized suppliers, service providers, firms in related industries, and association institutions (for example, universities, standards agencies, and trade associations) in particular fields that compete but also cooperate.*

Michael Porter<sup>12</sup>

Workforce development leaders in Washington recognize that programs can only be successful if they meet industry's needs, and have collaborated to create and support industry skill panels. Industry skill panels focus on existing and future workforce development needs in key industries, and are comprised of business, labor, and education representatives. These panels provide a way of engaging employers in program planning. They make recommendations for immediate and future action to a local region, the state, or the Legislature for policy changes necessary to keep an industry's workforce competitive.

<sup>10</sup> Workforce Training and Education Coordinating Board Employer Survey 2003.

<sup>11</sup> For a discussion on comparative advantage and industry clusters and a table of the key clusters in different regions of the state please see the Economy Chapter.

<sup>12</sup> Michael E. Porter and Debra van Opstal, *U. S. Competitiveness 2001: Strengths, Vulnerabilities and Long-term Policies*, Council on Competitiveness, 2001.

Since 2000, the Workforce Board has provided funding to establish 28 skill panels. The private sector has shown commitment to existing skill panels by providing expertise and financial support. Many panels have also been successful in leveraging federal grant funds to implement their plans. Such partnerships foster innovation and give industries and public partners the opportunity to be proactive instead of reactive—addressing changing workforce development needs quickly and competently.

**The Manufacturing Skill Panel** at Shoreline Community College was formed to meet the need for more skilled workers in Kent, greater King County and the Puget Sound region.

Manufacturing accounts for nearly all of Puget Sound's exports, which make up 87 percent of the state's total exports. Washington is ranked fifth among states in total exports to the world. According to a study conducted by the Kent Chamber of Commerce, over 20 percent of the companies in the Kent Valley identified a lack of qualified employees as one of their top three constraints to growth. The same companies projected a 21 percent expansion in employment in the next three years.

The skill panel represents over 30 manufacturing companies and is utilizing their diverse industry knowledge and expertise to design curricula, assessments and certifications. In 2003, SBCTC awarded a \$460,000 grant to support the **Center for Manufacturing Excellence** (Center) at Shoreline Community College. The skill panel is advising on design for an employer-friendly Center that can serve the needs of the Puget Sound Manufacturing sector, especially for customized training, and flexibility of skills that small- and mid-sized manufacturers require.

**1.1.2 Provide high quality labor market information that enables programs to respond to changes in the labor market and informs students and customers about current career opportunities, especially in high demand clusters such as health care and information technology.**

**Lead Organization:** Employment Security Department.

ESD's Labor Market and Economic Analysis (LMEA) unit is improving customer access to high quality labor market information through the development and enhancement of [www.WorkforceExplorer.com](http://www.WorkforceExplorer.com) and customer driven products. LMEA staff are working with the community and technical colleges, secondary career and technical education, and WDCs so that key labor market information is incorporated into the planning, decision making, and policymaking process for curriculum development and training programs. Their goal is to create information that is easy-to-use and links between labor market information and career guidance tools. Skill panels use the LMEA data and also help to enrich it by producing more detailed information on their particular industry.

**ESD's Newest Labor Market Information Products**

- The *Washington Job Vacancy Survey* is a biannual survey (spring and fall) of more than 20,000 employers in Washington. It captures actual current job openings by industry, occupation, geographical area, required education, required experience, and expected wage.



- The annual *Washington Employee Benefit Survey* of employers documents the availability of health, retirement, sick, vacation, and childcare benefits for full- and part-time workers by industry, occupation, and geographical area.
- The *Regional Data Analysis Tool* provides customized reports on employment and wage trends for a single county, any combination of counties or the entire state. The reports could include total number of firms, average industry employment, average industry wage, employment and wage growth, among other elements.
- The *Available Skilled Worker Website* is a tool for business that provides the number of available skilled workers by industry, geographical area, occupation, age, sex, and education by month, previous month, and a year ago based on Unemployment Insurance (UI) claimant data. This is useful for companies that might be considering locating or expanding in a certain area of Washington. (Available at [www.wilma.org/occinfo](http://www.wilma.org/occinfo))
- *Entry Points Analysis* is useful for students, job seekers, counselors, teachers, or parents who wish to identify occupations in greatest demand by level of education and/or training required for the state and each of the 12 workforce development areas. Designed in collaboration with career and technical educators, it assists in updating school career guidance curricula.

These and other products can be accessed at [www.WorkforceExplorer.com](http://www.WorkforceExplorer.com).

### 1.1.3 Develop competency-based education and training programs, and modular curricula and assessments that are linked to industry skill standards.

**Lead Organizations:** State Board for Community and Technical Colleges and Office of Superintendent of Public Instruction.

Apprenticeship programs have long been based on skill standards that enable workers to obtain certificates which are recognized throughout the industry and across the nation. However, too many programs outside the apprenticeship system do not teach to widely recognized skill standards nor do they offer a credential that is accepted by other programs and by employers. As a result, too many participants repeat lessons they have already learned on a job, in another program, or complete one program without acquiring the skills required for entry into the next level of training or employment.

Credential portability is critical so that workers can move up job ladders throughout their careers. In order to meet the needs of students, workers, and employers, curricula must increasingly be offered in short-term packages. This modular training must be available on an open-entry, open-exit basis so that individuals can access training at the level they need when they need it.

Our state's community and technical college system has led the nation in the development and implementation of industry-based skill standards. Skill standards have been developed in Washington for 25 industries with over 65 occupations represented. In addition, curriculum, assessment, and professional development projects based on skill standards are underway in postsecondary career and technical education programs and all of the 22 Tech Prep consortia.<sup>13</sup> Skill standards integrate foundation academic and employability skills, industry-specific

<sup>13</sup> Washington's Tech Prep programs coordinate two years of secondary career and technical education with two years of higher education at a community and technical college in a technical field.

knowledge and some job-specific skills.<sup>14</sup> Increasingly, the tools of the Career Clusters Initiative of the National Association of State Directors for Career and Technical Education Consortium (NASDCTEc) are being used to create curricula and articulation pathways.

At the secondary level, the Office of Superintendent of Public Instruction (OSPI) has established standards for exploratory and preparatory secondary career and technical education. These career and technical education program standards are aligned with similar standards used in the state's community and technical college system to assure a seamless articulation between secondary and postsecondary career and technical education programs. This includes advanced placement opportunities, high end IT certifications, and a connection to the critical employment and instructional needs in various occupational areas such as health services, construction, IT, agriculture, and manufacturing.

Under the CTE standards, to receive supplemental funding for career and technical education, school districts have to provide exploratory career and technical courses that require students to demonstrate workplace skills, and preparatory courses enabling students to attain certificates of competency based on industry skill standards. DVR will lend its expertise in developing curricula that is accessible to the learning styles and comprehension abilities of youth with various disabilities.

**Objective 1.2: Increase the number of young people who understand and act on career opportunities available through career and technical education and training programs, including youth from target populations.**

Too often students do not immediately move on to postsecondary education after high school and spend years drifting in dead-end jobs before linking with a career and technical education program. The median age for students enrolling in a community or technical college career and technical program is 27 years old, and more than a quarter of them are over 33. Only 1 percent of apprentices enter their apprenticeship directly out of high school.

More students and parents need to understand that at least some postsecondary education has become a basic requirement for most family wage jobs, and that there are a variety of postsecondary options that lead to well paid and rewarding careers.

At the same time there is a persistent lack of recognition among students and parents of the high wage, high demand career opportunities that do *not* require a four-year baccalaureate. A four-year baccalaureate degree is not the *only* avenue to financial success and well-being. Only 21 percent of the net job openings this decade will require a baccalaureate or graduate degree, while 37 percent of the openings will require some education or training beyond high school but not a baccalaureate degree.

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<sup>14</sup> For more information on Washington skill standards see the Center for Learning Connections at Highline Community College: [www.wa-skills.com/html/wireless\\_tele.htm](http://www.wa-skills.com/html/wireless_tele.htm).



*“The nation’s fixation on four-year college attendance intensifies. An educated citizenry and workforce is a nation’s greatest asset, and education is a key to personal and economic fulfillment. But manufacturers are not alone in pointing out that a fixation—among high school teachers and counselors, students and parents—on a four-year university education immediately following high school makes young people shun other attractive options, leaving alternative career paths starved for attention and resources.”*

Phyllis Eisen, Manufacturing Institute<sup>15</sup>

While Washington State is becoming more diverse with people of color growing more rapidly than the white population, people of color have historically obtained less education on average than whites and have also experienced higher levels of unemployment. To turn these patterns around will require sustained collective and individual effort.

Women and girls have lower average earnings than males, even after achieving the same educational credential, a difference largely due to women and girls enrolling in fields of study that prepare them for lower paying occupations than the fields generally chosen by men. Only 13 percent of the participants in state-approved apprenticeship programs are women, and many apprenticeship programs have no female participants. Considering these inequities developing career awareness and improving preparation for further education and work are especially important for students of color, females, and students with disabilities.

**The 16 Career Clusters provide a way for schools to organize instruction and structure experiences around 16 broad categories that encompass virtually all occupations from entry through professional levels.<sup>16</sup>**

Agriculture, Food, and Natural Resources	The production, processing, marketing, distribution, financing, and development of agricultural commodities and resources including food, fiber, wood processing, natural resources, horticulture, and other plant and animal products/resources.
Architecture and Construction	Careers in designing, planning, managing, building and maintaining the built environment.
Art, A/V Technology and Communications	Designing, producing, exhibiting, performing, writing, and publishing multimedia content including visual and performing arts and design, journalism, and entertainment services.
Business, Management and Administration	Business management and administration careers encompass planning, organizing, directing and evaluating business functions essential to efficient and productive business operations. Business management and administration career opportunities are available in every sector of the economy.
Education and Training	Planning, managing, and providing education and training services, and related learning support services.
Finance	Planning, services for financial and investment planning, banking, insurance, and business financial management.
Government and Public Administration	Executing governmental functions to include governance; national security; foreign service; planning; revenue and taxation; regulation; and management and administration at the local, state, and federal levels.
Health Science	Planning, managing, and providing therapeutic services, diagnostic services, health informatics, support services, and biotechnology research and development.
Hospitality and Tourism	Hospitality and tourism encompasses the management, marketing and operations of restaurants and other foodservices, lodging, attractions, recreation events and travel related services.

<sup>15</sup> Phyllis Eisen, “Skills’ for a 21<sup>st</sup> Century Workforce: Can We Meet the challenge?” Manufacturing Institute, paper presented at the Workforce Board 2002 Workforce Development Conference.

<sup>16</sup> From the National Association for Career and Technical Education <http://www.careerclusters.org/>

Human Services	Preparing individuals for employment in career pathways that relate to families and human needs.
Information Technology	Building linkages in IT occupations framework: For entry level, technical, and professional careers related to the design, development, support and management of hardware, software, multimedia, and systems integration services.
Law, Public Safety, and Security	Planning, managing, and providing legal, public safety, protective services and homeland security, including professional and technical support services.
Manufacturing	Planning, managing and performing the processing of materials into intermediate or final products and related professional and technical support activities such as production planning and control, maintenance and manufacturing/process engineering.
Marketing, Sales, and Service	Planning, managing, and performing marketing activities to reach organizational objectives.
Science, Technology, Engineering, and Mathematics	Planning, managing, and providing scientific research and professional and technical services (e.g., physical science, social science, engineering) including laboratory and testing services, and research and development services
Transportation, Distribution, and Logistics	Planning, management, and movement of people, materials, and goods by road, pipeline, air, rail and water and related professional and technical support services such as transportation infrastructure planning and management, logistics services, mobile equipment and facility maintenance.

## Strategies

### 1.2.1 Develop individual career plans that are integrated with a range of school programs to ensure all youth are aware of the link between learning and employment, and their career options including high wage, high demand occupations, and non traditional occupations.

**Lead Organizations:** Office of Superintendent of Public Instruction and Workforce Development Councils (Youth Councils).

*“When students become more knowledgeable about what they need to know and be able to do to achieve their dreams, they take much fuller advantage of the opportunities high school affords. Their level of motivation rises. Their sense of purpose is clear.”*

Tim Stensager, Franklin Pierce School District<sup>17</sup>

Washington State K-12 Learning Goal 4 states that all students should “understand the importance of work and how performance, effort, and decisions directly affect future career and educational opportunities.” Many high schools offer educational pathways for students after the Certificate of Academic Achievement, and in order to graduate, the students of 2008 are required to complete a culminating project, and an individual plan for their high school experience and one year beyond high school.<sup>18</sup> These strategies enable students to connect high school to their personal future education and career options. Expanding such benefits across the state is the next phase of this strategy.

<sup>17</sup> Tim Stensager, The Franklin Pierce Model for Student Education and Career Planning, Technical and Career Education, Franklin-Pierce School District, January 2004.

<sup>18</sup> See RCW 28A.230.090 on minimum high school graduation requirements, and WAC 180-51-061 defining a culminating project for graduation. Each district defines the process to implement this graduation requirement, including assessment criteria. WAC 180-51-061 requires students to have an education plan for their high school experience, including what they expect to do the year following graduation. RCW 28A.150.210 Basic Education Act outlines the four education goals. Goal 4 relates to educational pathways.

Individual career plans should link long-term planning with short-term decisions about courses or programs and enable youth to identify their interests and aspirations. Schools can employ a number of techniques to improve the effectiveness of career plans so that they are not “stand-alone” items, but are intrinsic to the student’s entire high school program. They should be connected to other courses and programs, the curriculum, career guidance tools, and assessments.

#### **Navigation 101: Franklin-Pierce School District**

Franklin-Pierce School District has made “guidance” a core subject for all high school students. The district has developed a student planning system that assures each student creates a meaningful post-school plan.

Twice a month the high school schedule is restructured as if there were a school assembly so that each high school teacher can lead a class of about 20 students in “Navigation 101.” Teachers use a “guidance curriculum” to teach the navigational and planning skills that students need to take advantage of learning opportunities while still in high school, and to plan and prepare for their futures. Students analyze their classroom results, assess personal interests and aptitudes, learn how to set goals, plan for course selection, learn about postsecondary education, training, and employment opportunities, build a portfolio of test results and exemplary work, among many other activities. The same teachers and students stay together in these advisory classes for the four years of a student’s high school career. At an annual Individual Student Planning Conference, each student works with his/her parents and advisor to discuss academic and career goals and select courses. Navigation 101 is enabling students and their parents to become “savvy consumers of education.”<sup>19</sup>

The results are impressive. In the first two years of implementation, student matriculation from 9<sup>th</sup> grade to 10<sup>th</sup> grade has increased from 70 percent to 81 percent, a higher percentage of adults are attending conferences, a higher percentage of students are taking higher level science and math, and fewer students are receiving failing grades.

#### **1.2.2 Expand partnerships with industries to market their career opportunities to youth and their parents.**

**Lead Organizations:** Office of Superintendent of Public Instruction with the Workforce Board, skill panels, Workforce Development Councils (Youth Councils) and Association of Washington Business.

Increased interaction between K-12 and the business community can help students make informed decisions about their career and program choices. While high school students need comprehensive career exploration and preparation, middle school and younger students benefit from exposure to career exploration and work-based learning opportunities, such as job-shadowing. Seeing the connections between learning and the world of work can assist students to select courses that keep their future options open.

<sup>19</sup> Tim Stensager, The Franklin Pierce Model for Student Education and Career Planning, Technical and Career Education, Franklin-Pierce School District, January 2004.

School districts that have established partnerships with businesses in their communities know they can lead to more opportunities for work-based learning, and increased community support and involvement. Skill panels, convened by WDCs or other local agencies, can provide a forum for creating partnerships between K-12 and the business community.

**Pierce County Careers Connection** created an industry skill panel in IT to provide guidance and expertise to IT programs in Pierce County high schools, colleges, and universities. With membership from 10 different industries who wish to foster IT skills in young people, the panel has:

- Analyzed labor market information for the IT industry for Pierce County.
- Developed 11 articulation agreements enabling students to transfer IT credits from high school to community colleges and four year universities.
- Developed an IT career guide that has been distributed to 34,000 Pierce County students.
- Developed a recruitment guide to attract people of color, young women, and nontraditional youth into IT careers.
- Cross-trained over 25 teachers in high-demand IT clusters.
- Created *InternMatch*, a free online internship system at [www.InternMatch.org](http://www.InternMatch.org).
- Produced a report on the feasibility of IT apprenticeship programs in Pierce County.

One of the ways to increase students' awareness of the world of work and the skills needed to succeed is participation in leadership and entrepreneurship programs. For example, many Washington high schools participate in SkillsUSA local, state and national competitions. Students choose from a range of 75 occupational skill areas and demonstrate occupational and leadership skills at these competitions.

Developing awareness of entrepreneurial opportunities can provide students with another career avenue to consider. The Governor's Entrepreneurship Support Plan includes "ensure that K-20 school prepare Washington residents and students to see entrepreneurial opportunities and to develop entrepreneurial businesses in the 21<sup>st</sup> century."<sup>20</sup> Each year a large number of Washington's high schools participate in Washington Business Week.

*Washington Business Week* simulates the creation of a business from concept to product. The program is offered in two formats: *Summer Business Week*, offered four times each summer on three different college campuses, serves high school students and K-12 educators. *In-School Business Week* is held in high schools for the entire junior class, or the entire student body if requested, during their normal school day. The curriculum includes teamwork, ethics, respect, understanding financial statements, and communication skills. In 2004, 12 in-school programs will serve about 4,600 students. More information available at <http://www.wbw.org/>

### **1.2.3 Increase mentor and work-based learning opportunities for all students, and integrate these opportunities with students' individual career plans.**

**Lead Organizations:** Office of Superintendent of Public Instruction and State Board for Community and Technical Colleges.

<sup>20</sup> Sheila Martin, Office of the Governor, *Washington's Entrepreneurship Support Plan*, 2001.

All students, especially women, students of color, and students with disabilities, benefit from on-site work-based learning opportunities that complement their career plans. Such opportunities include internships, job shadows, traineeships, among others. Work-based learning is most effective when followed up in the classroom and integrated into the curriculum, so students connect the experience to the world of postsecondary education and/or employment.<sup>21</sup> According to a 2001 study by the Washington Institute for Public Policy, Washington high schools are developing activities to make learning more relevant to students, but more work is needed to ensure these activities reach *all* students.<sup>22</sup>

Mentoring is another important method of support to help students focus on their education and career development. An effective adult mentor can provide emotional support, guide learning and assist a young person to connect secondary education with his/her future. This is particularly beneficial for “at risk” students.<sup>23</sup>

The Center for Law and Social Policy (CLASP) recommends developing quality training programs that will improve employment and earnings outcomes for youth. These should be offered “in a work-like setting; have high expectations for attendance and effort; support participation with mentoring and counseling; use hands-on instruction; address literacy and soft skills issues; and train for occupations in demand in the local economy.”<sup>24</sup>

Employers need support and guidance on how to supply work-based learning opportunities. OSPI’s *Work-Based Learning Coordination Manual/Guidelines* provides information for secondary school staff as they work with employers to create work-based learning programs.<sup>25</sup>

**Objective 1.3: Increase the capacity of high schools, community and technical colleges, and apprenticeship programs to provide high quality workforce education and training programs.**

### **Strategies**

**1.3.1 Develop new programs and increase student enrollments in workforce training especially in high-demand industry clusters such as health care and information technology.**

**Lead Organizations:** State Board for Community and Technical Colleges, the Office of Superintendent of Public Instruction, the Legislature, and Governor.

<sup>21</sup> Mathematica, Jobs for the Future, CLASP, Leave No Youth Behind, National Youth Employment Coalition.

<sup>22</sup> Barbara McLain and Madeleine Thompson, Educational Opportunities in Washington’s High Schools Under State Education Reform: High School Responses to Expectations for Change, Volume 2, Washington State Institute for Public Policy, September 2001, 45, 46.

<sup>23</sup> Bettina Lankard Brown, *Mentoring and Work-Based Learning*, ERIC NO: ED456332 Trends and Issues Alert No. 29, 2001.

<sup>24</sup> Ibid 21.

<sup>25</sup> Support for employers who provide work-based learning opportunities is available at the OSPI Career and Technical Education website: <http://www.k12.wa.us/CareerTechEd/workbasedlearning.aspx>; and The Working Teens web site contains rules and regulations for employers at: <http://depts.washington.edu/worksafe/>

support “statewide and regional economic development strategies and consider forecasts of labor market supply and demand.”<sup>26</sup> According to the Workforce Board’s 2003 employer survey, about 67 percent of employers attempting to hire workers with a postsecondary vocational credential report difficulty finding qualified job applicants. This labor market shortage affects more firms than the shortage at any other educational level. Labor market projections show that by 2007 Washington’s economy will need about 28,600 additional technicians, paralegals, health care workers, salespeople, and other workers needing postsecondary education or training for more than one year but less than four years. The state’s two-year colleges, private career schools, and apprenticeship programs, however, prepare only about 23,600 new workers per year.<sup>27</sup>

Recent research finds job openings outstrip supply for nearly all occupational programs offered in the community and technical college system.<sup>28</sup> The report notes that the supply/demand gap for the better paying jobs is particularly acute.

Over the past two biennia, the state’s community and technical colleges (and the private colleges) have increased enrollment by 7,032 students in the three mission areas of vocational training, academic transfer education, and adult basic skills education. This has helped to increase the ratio of supply to demand remaining for vocationally trained workers from 75 percent to 78 percent, with a gap of 22 percent remaining. The community and technical colleges have directed much of the increased enrollment to fields that are in high demand in the economy. Student enrollment in licensed practical nursing and registered nursing programs at community and technical colleges grew 11 percent and 16 percent respectively between 2002 and 2003.<sup>29</sup>

The colleges have a good record of directing growth to meet economic demand. If we are to close the skills gap the state must fund more enrollment growth at community and technical colleges. We need to develop new programs. We also need to enhance program accessibility, for example, by greater use of infrastructure that is already in place for distance learning, and creating new distance learning opportunities. In addition, there must be increased enrollment in high-demand fields in secondary career and technical education in order to start young people on career pathways in high demand fields. And while the Workforce Board’s focus is on jobs that do not require a baccalaureate degree, employers also stress the importance of targeting enrollment increases to baccalaureate and graduate programs that are needed for key industries.<sup>30</sup> Increased funding for enrollment at community and technical colleges and four-year institutions will require action from the Governor and the Legislature.

<sup>26</sup> Washington Competitiveness Council, *Phase II: Draft Final Report*, January 2004.

<sup>27</sup> Workforce Training and Education Coordinating Board, *Demand, Supply, and Results for Postsecondary Career and Technical Education*, 2004.

<sup>28</sup> Dr. Paul Sommers and Deena Heg, *Matching Community and Technical College Professional/Technical Education Capacity to Employer Demand*, Northwest Policy Center, Institute for Public Policy and Management Daniel J. Evans School of Public Affairs, University of Washington, January 2000, i.

<sup>29</sup> State Board for Community and Technical Colleges, “Health Care Enrollment and Completions”, October 2003.

<sup>30</sup> Washington Competitiveness Council Report, December 2001, 34. “...Of particular urgency is the need to address the shortage of top-quality Bachelors and Masters graduates, especially in science and engineering fields that support the state’s strategic clusters.”

### **1.3.2 Partner with industries to provide facilities, faculty, and equipment in high wage, high-demand fields.**

**Lead Organizations:** State Board for Community and Technical Colleges and the Office of Superintendent of Public Instruction, with Association of Washington Business.

There are a wide range of capacity issues that need to be addressed in secondary and postsecondary career and technical education, especially in high demand fields such as construction and manufacturing trades, health care, IT, and communications. There is a shortage of facilities with up-to-date equipment and a lack of adequate space for some apprenticeship programs. Colleges and schools cannot recruit and retain enough career and technical teachers, particularly in high demand fields. School and college salaries cannot compete with earnings in the private sector in IT, health, construction trades, and other high demand areas, so experienced teachers leave. The state needs to explore ways to provide sufficient compensation to attract and retain qualified faculty in high-demand fields.

Strong public-private partnerships can lead to innovative ways of increasing capacity. One place to turn to increase capacity is strong private-public partnerships. Businesses have facilities, computers, other equipment, and expert personnel to enhance the public resource base. Given the constraints on public budgets, public programs need to seek out employers who can help them increase capacity to meet labor market demand. In addition, program facilities should not lie idle when they could be put to use by other programs. Facilities could be shared between programs as appropriate.

### **1.3.3 Improve efficiency of student transitions by granting credit for prior learning, developing further statewide agreements for transfer and articulation, and increasing the availability of applied degrees.**

**Lead Organizations:** Higher Education Coordinating Board and the State Board for Community and Technical Colleges.

Many incumbent workers who find they must gain more education to move up a career ladder would benefit from expanded efforts to establish competency-based curricula and assessments. These could provide a vehicle for granting credit based on prior education or skills learned on the job. In the long-term, a competency-based system would facilitate transfer, though it will require a considerable shift from current practices. A first step is to facilitate transfer between two-year and four-year institutions by creating additional statewide agreements.

Although Washington has developed an articulation system for recognizing most course work, many students attending two-year colleges could benefit from additional statewide articulation agreements.<sup>31</sup> In Washington only about 5 percent of students with technical degrees transfer.<sup>32</sup> Additional opportunities should be developed for students with technical credits and degrees to continue their education to earn baccalaureate and advanced degrees.

<sup>31</sup> Loretta Seppenen, *The New Transfer Student: Students Completing Job Preparatory Programs with a Transfer Goal*, State Board for Community and Technical Colleges, July 2001, the State Board for Community and Technical Colleges: Board Meeting, January and February 2002.

<sup>32</sup> Ibid 37. A small number of students (about 250 per year) transfer from two-year to four-year institutions with technical credits based on individual articulation agreements. These are concentrated in particular programs (such as Associate Degree Registered Nurse) that can articulate with a Bachelors of Science in Registered Nursing.



Many students who complete associates degrees in technical fields study in an *applied* context and carry applied credits from technical programs but may not be able to use these credits for transfer purposes to complete a four-year degree. By offering baccalaureate level *applied degrees*, four-year institutions could recognize and grant credit for courses with an applied focus, and this would allow students to obtain additional qualifications when needed. In the same way that Washington State provides clear pathways for Associate of Arts to Bachelor of Arts, and now Associate of Science to Bachelor of Science, a similar pathway could be established for Associate of Applied Science to a Bachelor of Applied Science.

Employers have stressed their need for skilled workers in technical fields, including workers who have one or two years of education or training beyond a two-year program. A study by the Northwest Policy Center asked a diverse range of employers in four communities in the state what they are looking for in entry-level IT employees, and about the preparedness of entry-level applicants for IT positions. The report concluded that employers “need IT workers with a combination of the skills that no higher education program currently offers” and these include practical, hands-on skills, a broad range of problem solving, communication, and organizational culture skills, and opportunities for work experience to supplement their classroom education.<sup>33</sup> Applied degrees would provide the range of skills that many employers are seeking.

*“To remain in step with the knowledge economy’s evolving demands while ensuring the continued relevance of their curricula, colleges and universities will also have to isolate and then measure essential competencies within specific degree majors, especially in technical fields where constant innovation drives accelerating change.”*

National Alliance of Business, *Work America*, Summer 2002

Another transfer barrier exists between private career schools and public community and technical colleges. Students attending private career schools trying to enter the public system find they may have to duplicate coursework because the receiving community or technical college only accepts credits from regionally accredited schools, and most private career schools are nationally accredited.<sup>34</sup> Private career and technical schools must be part of the discussion on articulation and transfer arrangements to ensure the state policy support all students as they continue their education.

Substitute House Bill 2384 (2004 legislation), directs the Higher Education Coordinating Board (HECB) to work with two-year and four-year institutions to develop further statewide transfer agreements and specifies that in 2004-05 transfer agreements should be developed for nursing, engineering, and elementary education. The HECB must also report back to the Legislature every two years on implementation and progress towards developing further statewide transfer agreements.

<sup>33</sup> Paul Sommers and Melissa Quall, *Re-Inventing Information Technology Education*, Report written for the State Board for Community and Technical Colleges by the Northwest Policy Center, Daniel J. Evans School of Public Affairs, Seattle, December 2001. At least 15 other states are offering applied degree options in Science, Aviation Maintenance Management Technology, Semiconductor Technology and Software Technology Applications. Eastern and Central Washington University are working on developing applied degrees while Evergreen State College and Seattle Pacific University already offer degrees for students with technical AA degrees.

<sup>34</sup> Ronald Phipps, *Transfer of Credit from Nationally Accredited to Regionally Accredited Institutions*, Career Training Foundation, December 2001, and Personal communication with Gena Wikstrom, Executive Director, Washington Federation of Private Career Schools.



Dual enrollment programs such as Running Start and Tech Prep enable high school students to articulate their studies with college programs. Via articulation agreements developed under the Tech Prep program, high school students are earning college credit in career and technical education courses that are delivered at high schools by high school faculty. Efforts should be extended under this program to design a full range of sequenced courses within career clusters that address high-demand fields and provide an efficient and effective career pathway for students wishing to attain the appropriate credentials to meet their educational goals.

#### **1.3.4 Expand apprenticeship training in emerging fields and expand preparation programs for apprenticeship in high demand clusters including construction.**

**Lead Organization:** Washington State Apprenticeship and Training Council at the Department of Labor and Industries.

Apprenticeship programs are constantly updated to keep pace with workplace changes and to meet the skill needs of employers. The two key components of apprenticeships are: workplace training under the supervision of a highly skilled mentor, and related supplemental instruction that usually occurs either at a community college or at a training trust facility that belongs to a workers' union. Apprenticeships provide an important means for meeting the needs of employers for skilled workers in high-demand industries.

In recent years, the construction industry has had serious difficulty recruiting workers. Forty-six percent of construction firms that attempted to hire workers during the past year reported difficulty finding qualified job applicants. The average age of workers in many construction trades is about 50 and the average entering age is near 30. Workers are retiring without young apprentices being trained to replace them.

Apprenticeships are not limited to the construction trades, but have been expanded to many new occupations, including health care.<sup>35</sup> Recognizing our leading role in developing health care apprenticeships for Health Unit Coordinator and two radiology technology specialties, DOL selected Washington to pilot apprenticeships for specialized Certified Nurses.

It can be difficult to get into these popular apprenticeship programs and applicants usually need to spend some time preparing to meet the challenging entry requirements. Preparation programs ready individuals to enter registered apprenticeship programs or gain employment in supportive roles in industries that use apprenticeship. In Washington such programs are small, and can serve a relatively small number of people. They operate in an uncertain funding environment and, as a result, programs move in and out of operation every year. Much of the funding is

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<sup>35</sup> The Office of Apprenticeship Training and Employer Labor Services at the Department of Labor is encouraging the expansion of apprenticeships to address skill needs in occupations not traditionally apprenticed. According to a September 2001 General Accounting Office report, it will be necessary to first identify apprenticeable occupations in industries that have a shortage of skilled workers. General Accounting Office Report, *Registered Apprenticeships: Labor Could Do More to Expand to Other Occupations*, September 2001. GAO-01-940, 6.

categorical, targeting specific population groups, which reduces program flexibility as well as the ability to get to a scale that can address the skills gap meaningfully. Community and technical colleges and community-based organizations could provide these types of programs and expand access to a wider population than are currently served. For example, dislocated workers, incumbent workers, and individuals lacking English language proficiency could benefit from these opportunities.

### **Job Corps**

Job Corps is a national education and job training residential program for at-risk youth, ages 16 through 24. Since 1964 Job Corps has provided disadvantaged young people with the integrated academic, vocational, and social skills training they need to gain independence and get quality, long-term jobs or further their education.<sup>36</sup>

One example in northeastern Washington is Curlew Job Corps. They provide GED and high school diploma programs, and vocational training in eight different trades including pre-apprenticeship into the Construction Craft Laborers Union, International Masonry Institute for Bricklayers and Allied Crafts Union, International Union of Painters and Allied Trades, and the United Brotherhood of Carpenter and Joiners Union. There is also training available in welding, facilities maintenance, forestry technician, and medical office support. Graduates of the pre-apprenticeship programs are given preference for entry into apprenticeships. There is a range of entry-level union and non-union training available at the other four Job Corps Centers located in, Sedro Woolley (Cascades), near Yakima (Fort Simcoe), and Moses Lake (Columbia Basin.)

**The Electrical School to Apprenticeship**, offered to high school juniors in the Tacoma School District, is a *pre*-apprenticeship program that prepares students to meet the rigorous application requirements of an electronics apprenticeship. During the nine week summer program students attend workshops and get workplace experience at a local electrical company with pay of \$8.25/hour. During senior year, students continue taking workshops and work part-time with an increased rate of pay of \$8.50/hour. After graduation students have a full-time job in pre-apprenticeship work with an increasing pay schedule.<sup>37</sup>

### **1.3.5 Enhance “employability skills” training in workforce development programs.**

**Lead Organizations:** Office of Superintendent of Public Instruction, State Board for Community and Technical Colleges, and Workforce Development Councils.

Every two years the Workforce Board conducts a survey of Washington State employers regarding workforce training needs and practices. In the fall of 2003 employers reported difficulty finding applicants with adequate “employability skills.” For example 87 percent of employers who had difficulty finding qualified job applicants had difficulty finding applicants with adequate problem solving or critical thinking skills. This represents 18 percent of all firms in the state (see Figure 1). After the ability to find job applicants with occupation-specific skills, the shortage of applicants with general “employability skills” is the most pervasive shortage reported by employers.

<sup>36</sup> See more information about Job Corps at the Department of Labor Web site: <http://jobcorps.doleta.gov/about.cfm>

<sup>37</sup> For further information contact Linda Nguyen, Tacoma-Pierce County WDC: (253) 591-5810

**Figure 1**

<b>Employers Report Job Applicants Lack the Following Skills:</b>	<b>Among Firms that had Difficulty Finding Qualified Job Applicants</b>
	<b>2003</b>
Occupation-specific skills	91%
Problem solving or critical thinking skills	87%
Communication skills	83%
Positive work habits and attitudes	83%
Ability to adapt to changes in duties and responsibilities	79%
Teamwork skills	75%
Computer skills	72%
Writing skills	63%
Ability to accept supervision	69%
Math skills	62%
Reading skills	38%

These findings are consistent with national research. Over a decade ago the Secretary's Commission on Achieving Necessary Skills determined the skills young people need to succeed in the world of work with the fundamental purpose to encourage a high-performance economy characterized by high-skill, high-wage employment. In 2004, employers continue report the need for improving these skills. Apart from basic literacy, computational, and thinking skills necessary to put knowledge to work, high-performance workplaces also require competencies such as the ability to manage resources, to work amicably and productively with others, to acquire and use information, to master complex systems, and to work with a variety of technologies.<sup>38</sup>

The National Institute for Literacy solicited Washington State to be one of four state partners in a pilot project to design and validate a work readiness credential. This cross-industry, portable tool will guarantee employers that current or potential employees possess basic knowledge, skills, and abilities to succeed in today's workplace.<sup>39</sup>

### **1.3.6 Increase the number of individuals prepared to teach students for high wage, high demand fields.**

**Lead Organizations:** Office of Superintendent of Public Instruction and State Board for Community and Technical Colleges.

Education and training institutions have difficulty attracting and retaining high quality faculty to teach in high wage, high demand fields, because of the opportunities available outside teaching. This is also a problem when recruiting secondary and postsecondary career and technical

<sup>38</sup> Information on the Secretary's Commission on Achieving Necessary Skills, Department of Labor, is available at: <http://wdr.doleta.gov/SCANS/>

<sup>39</sup> By March 2004 over 70 Washington employers had joined forces with national partners, including the Center for Workforce Preparation of the U.S. Chamber of Commerce, the Institute of Educational Leadership, NAM, the National Retail Federation, the National Skill Standards Institute, and nearly 400 business peers across the country to give input to the project.

education teachers; it may be hard to attract them away from industry jobs. With limited state funding for salaries, community colleges and high schools need to find ways of attracting and retaining teachers.

Recognizing that high schools compete with industry to recruit teachers in specialized fields, the 2001 Legislature adopted criteria for three alternative routes to certification designed for degreed professionals such as engineers or mathematicians interested in a career change and for current district employees who are classified instructional staff. In 2002-03, 151 interns participated in the Alternative Routes program, and became fully certified teachers in subject and/or geographic shortage areas.<sup>40</sup> The Professional Educator Standards Board is also developing alternative routes to teacher endorsements to help more teachers to become classified as “highly qualified teachers” as required by the No Child Left Behind Act.<sup>41</sup> Another option for overcoming this obstacle is for educational institutions to partner with employers so that employees are released to teach part-time.

The teacher shortage issue must be addressed by a variety of institutions and stakeholders that extend beyond the workforce development system. Workforce development partners, however, must do their part to solve the problem.

### **1.3.7 Highlight and replicate best practices from around the state and nation in career and technical education.**

**Lead Organizations:** Office of Superintendent of Public Instruction and State Board for Community and Technical Colleges, with the Workforce Board.

Initiatives with proven success provide the best models for replication or adaptation. By studying the best practices that are occurring around the state, nation, and globe, workforce development program staff can efficiently reproduce some elements while adjusting others to suit local requirements, and improve their outcomes.

#### **Governor’s Award for Best Practice in Workforce Development: Nursing Clinical Placement District #1**

A major contributing factor to the shortage of nurses is the lack of available clinical sites. Students are required to complete a certain number of clinical hours in order to complete their program and apply for a license. With the assistance of a High Demand Grant from SBCTC, Tacoma Community College collaborated with 14 other educational institutions to coordinate clinical placements at more than 350 workplaces. Partners use a web-based matrix to check availability and reserve placements. In its first year of operation the collaboration enabled an expansion of placements of 26 percent.

<sup>40</sup> Professional Educator Standards Board annual report <http://www.pesb.wa.gov>; Marna Miller, *Alternative Routes to Teacher Certification in Washington State: Evaluation Update*, Washington State Institute for Public Policy, February 2004.

<sup>41</sup> The Elementary and Secondary Education Act of 2002, Section 1119(a)(1)(2) and Section 9101(23), known as “No Child Left Behind” requires that parents be informed if their students’ teachers do not meet the requirements to be classified as “highly qualified teachers.”

**Objective 1.4: Increase education and training for older workers and retired individuals who want to return to work.**

**Strategy**

**1.4.1 Improve access to opportunities in education and specialized training for seniors and retired individual who want to return to work.**

**Lead Organization:** Aging and Disability Services Administration, Department of Social and Health Services.

Washington is second only to Florida and Texas with regard to the growth in the proportion of workers age 45 and older. The number of older workers in the state will rise dramatically; one out of every five workers will be 55 or older by 2025, as opposed to roughly one in ten in 2000.<sup>42</sup> In addition to older workers' delaying retirement, some retirees will either want or need to return to work. Older workers and retirees need access to education and specialized training to improve their prospects for retaining or obtaining employment, thus mitigating the shortage of skilled workers.

The Committee on Economic Development (CED) has recommended that older workers themselves acquire and maintain skills and that employers recognize the value of investing in training for their older workers and ensure equal access to training for them. In addition, CED recommends that higher education and other training institutions recognize the need for work-oriented learning among older Americans and expand their offerings to a largely untapped customer market.<sup>43</sup> The need for training in technology, literacy, and customer service were identified as the three most critical issues facing older workers at a 1999 conference of the National Association of Older Worker Employment Services. Other barriers include Limited English Proficiency (LEP) and isolation in rural areas.<sup>44</sup>

The Senior Community Service Employment Program (SCSEP) funded under Title V of the federal Older Americans Act, serves persons with low incomes who are 55 years or older and who have poor employment prospects. The program aims to both provide useful community services and foster individual economic self-sufficiency by providing education and training, and placement in unsubsidized jobs. National program statistics show high participation rates among women (nearly three out of four participants), African Americans, and Hispanics.<sup>45</sup> Many WorkSource Centers and partners have established agreements with SCSEP but these efforts needs to be expanded to all areas of the state.

<sup>42</sup> Washington State Office of Financial Management and Washington State Employment Security Department, *2001 Long-Term Economic and Labor Force Forecast for Washington*, April 2001. Washington is second only to Florida and Texas in terms of growth in the proportion of workers age 45 and older. Frederica D. Kramer and Demetra Smith Nightingale, *Aging Baby Boomers in a New Workforce Development System*, The Urban Institute, Report Prepared for the U.S. Department of Labor, Employment and Training Administration, January 2001.

<sup>43</sup> U.S. Committee of Economic Development, *New Opportunities for Older Workers*, Research and Policy Committee New York, New York, 1999, 99-045902, 13.

<sup>44</sup> Division of Older Worker Programs, *The Nine "Best Practices" of Highly Effective SCSEP Projects* Employment and Training Administration, United States Department of Labor, August 2001.

<sup>45</sup> Ibid 14.

**The Mature Workers Alliance of Puget Sound (Alliance)** was formed following the success of a one-day job fair in 2002. The job fair was organized and funded by DOL, Women's Bureau, in collaboration with the Department of Health and Human Services, Administration on Aging, and more than 20 agencies in the public, private, and non-profit sectors. The event attracted over 1,000 mature workers and featured over 40 employer and resource tables. The Alliance continues to flourish coordinating major annual Job/Resource fairs.<sup>46</sup>

## **Challenge Two: Incumbent and Dislocated Workers**

**Goal 2: To enable workers to make smooth transitions so that they, and their employers, may fully benefit from the new, changing economy, by putting in place a coherent strategy for dislocated and incumbent worker training.**

### **Key Performance Measures**

#### **New number in July**

1. The number of incumbent workers who receive publicly supported customized training linked to specific job needs of employers and the results of the training: **2,322** incumbent workers trained, an increase of about 1,000 from 2 years ago.
2. The ratio of dislocated workers' earnings compared to their earnings prior to dislocation (with separate targets for dislocated workers from low wage and high wage jobs): **82** percent earnings replacement among dislocated workers that participated in a workforce development program; **110** percent earnings replacement among dislocated workers from lower wage jobs; and **71** percent among dislocated workers from higher wage jobs (lower wage jobs are jobs with earnings below the median, and higher wage are those above the median). The earnings replacement rates two years ago were mostly the same; they were lower among workers dislocated from low wage jobs.
3. The length of time between worker dislocation and reemployment in a suitable job: **29** months median length of dislocation among dislocated workers that participated in a workforce development program.

### **The Issue for Goal 2:**

*"No state can prosper with a poorly educated workforce, nor can it continue to prosper if its workforce fails to learn continuously... Every stage of life presents opportunities for learning that, if pursued, build a strong foundation for future achievements. In like manner, missed opportunities create deficits which tend to persist and accumulate over time."*

Council for Adult and Experiential Learning<sup>47</sup>

<sup>46</sup> Personal communication with Lori Mina, City of Seattle, Human Services Department, Seattle-King County aging and Disability Services, April 26, 2004.

<sup>47</sup> Richard A. Voorhees and Paul E. Lingenfelter, Adult Learners and State Policy, Council for Adult and Experiential Learning, February 2003, page 1.

Incumbent and dislocated worker training is part of a continuum of workforce development. By enhancing the skills of workers who are currently employed, we can enable them and their employers to be more competitive, and we can sometimes prevent dislocations.

One of the most effective ways to increase the competitiveness of employers is to provide training customized to the specific needs of employers. The Governor's Competitiveness Council has endorsed more customized training, an efficient and effective method since it is designed to meet specific employer needs. Unfortunately, Washington has ranked near the bottom in per capita expenditures among the 47 states with job-linked customized training. According to a 1998 National Governors Association survey (the most recent national data), states spent over \$575 million per year on job-linked training. Washington was last among the 47 states that support this type of training, investing only \$558,000 per year in state dollars. Since that time, Washington has increased its investment in customized occupational skills training. For the 2003-05 biennium, the Legislature increased JSP from \$1.14 million to \$2.95 million, and the Governor has directed \$3.2 million in WIA funds to customized training for incumbent workers.

If we are successful in upgrading the skills of incumbent workers, we will have gone a long way to prevent worker dislocation. But worker dislocations will not disappear. Many workers will still lose jobs and experience difficulty in finding new employment at similar wages because they lack the latest skills desired by growing businesses. A study conducted for the Workforce Board found that Washington workers who are dislocated experience a permanent loss of 15 percent of their earnings compared to similar workers who are not dislocated.<sup>48</sup> With a significant number of jobs moving offshore due to globalization,<sup>49</sup> there is greater need to ensure dislocated workers receive education and training that provide solid employment opportunities.

**Objective 2.1: Increase economic competitiveness and prevent dislocation by expanding customized incumbent worker training.**

### Strategies

**2.1.1 Increase publicly supported customized incumbent worker training, and provide incentives to both employers and employees for this type of training.**

**Lead Organization:** Workforce Training and Education Coordinating Board.

*"The first question a company asks when they are looking to expand or locate in our area is: 'What kind of workforce is available?' They want to know if there are skilled people out there before they invest dollars in expansion or a new operation."*

Ryan Patrick, Economic Development Association of Skagit County

Little of Washington's small pot of customized training dollars is spent on upgrading the skills of incumbent workers. In comparison, other states spend an average of 52 percent of their customized training funds on incumbent workers. More resources are needed.

<sup>48</sup> Westat, Inc, *Net Impact Evaluation of Retraining Under ESHB 1988, 1997.*

<sup>49</sup> For a discussion on outsourcing and globalization see *Chapter One: Tomorrow's Economy.*



The only state program to defray the cost of upgrading *occupational* skills of current workers is the Job Skills Program.<sup>50</sup> In 2001, the Washington Competitiveness Council recommended that the capacity of JSP be increased. Other states, such as Iowa have made larger investments.

Government bonds support customized training in Iowa (\$46 million in 1997). During Washington's 2004 Legislative session, Senate Bill 6497 proposed establishing a system of state supported customized training for incumbent workers to be funded by the Economic Development Finance Authority's "Special Obligation Bonds." The bill did not pass.

In order to increase funding for customized occupational training the Governor is directing that a portion of the state set-aside for WIA be spent for this purpose. Using WIA funds, ESD created the Industries of the Future Skills Training program, and Targeted Industry Partnership grants to provide customized training for workers. State agencies and local WDCs are also aggressively seeking other federal grants to increase the skills of working people.

#### **Online Services to Create Customized Training**

In 2003, SBCTC contracted with IWDS, an affiliate of AWB, to create *WorkforceCollege.com*. *WorkforceCollege.com* is a "match-making" web-site that allows employers who need customized training better access to community and technical college resources. This online system enables businesses to make requests for specific training, provides one point of contact, and improves timeliness in providing customized training. *WorkforceCollege.com* was recognized as a "Best Practice" by the American Association of Community Colleges in 2004.

Besides JSP there are other public funds directed to job-linked customized training. The community and technical colleges' Customized Jobs Skills Training (CJST), under WorkFirst also provides customized training linked to specific job openings. This program, however, does not offer any training to incumbent workers. The colleges' Workplace Basic Skills Program, also part of WorkFirst, provides customized literacy education for incumbent workers.

Nationally, most estimates are that employers invest about 2 percent of payroll on employee training. According to a survey conducted by the American Society for Training and Development, total training expenditure per employee rose from \$649 in 2000 to \$826 in 2002.<sup>51</sup>

*For the United States to maintain its strong leadership position in a growing economy, industry must make greater efforts to prepare workers for the increasing challenges of the high-tech era. This may even require them to substantially increase the percentage of payroll that they currently invest in those activities.*

Jerry Jasinowski, President, National Association of Manufacturers

The Board of Directors of the National Association of Manufacturers have called on all 14,300 member companies to invest three percent of payroll on training. Studies have found that investments in employee training pay off in terms of increased productivity and profits.

<sup>50</sup> Employers must provide a dollar for dollar match for the public funds. JSP can also provide training for prospective employees before a new plant opens or when an existing firm expands.

<sup>51</sup> Brenda Sugrue, *The 2003 ASTD State of the Industry Report*, The American Society for Training and Development, Virginia, 2003.



According to a 1995 study by the University of Pennsylvania, investing in the skills of workers has more than twice the impact on productivity as investing in equipment or facilities.

The community and technical colleges also contract with employers to provide customized training, often for incumbent workers, for a fee. According to the Workforce Board's 2003 survey of employers, 11 percent of Washington businesses had an arrangement with a community or technical college to provide classroom training to their current workers. According to the survey results, almost 95 percent of firms who used a community or technical college to train their current workers report they were satisfied with the training their employees receive.

**Best Practice: Skilled Training for Incumbent Workers**

After the events of September 11, 2001, congress created the Transportation Security Administration (TSA) to take over security screening at our nation's airports. As a result, nearly 1,000 security screeners at SeaTac Airport faced layoffs; 62 percent of those affected had LEP. Port Jobs, which operates the Airport Jobs Center at SeaTac Airport, launched a program to improve the skills of the screeners so they could compete for the new screener jobs. South Seattle Community College (SSCC) developed a screener-specific Vocational English-as-a-Second Language curriculum and taught classes on site at SeaTac. On site workshops six days a week enabled 650 participants to obtain the computer skills required to complete the TSA's online application forms and assessment process, and learn interviewing strategies.

As a result of the project 50 percent (400) of the incumbent screeners assessed by TSA passed and retained their jobs, significant when compared to the 10 percent retention in similar urban airports nationwide.

The project also focused on serving dislocated screeners. The King County Dislocated Workers Program contracted with SSCC and Port Jobs to assist in providing intensive services, including access to retraining services and employment, and the Worker Center hired dislocated screeners to conduct peer outreach and share resource information.

**Objective 2.2: Enhance business expansion and retention strategies.**

**Strategies**

**2.2.1 Market expansion and retention services to at-risk businesses and their workers.**

**Lead Organizations:** Department of Community, Trade and Economic Development and Employment Security Department.

CTED's Business Retention and Expansion program works to retain and expand manufacturing and processing firms and to reduce the number of business closures, failures, and out-of-state expansions that could result in significant loss of jobs. The program identifies threatened manufacturing and processing companies and provides problem solving and technical assistance to the firms.

**Business Retention and Expansion Program: Strengthening Business and Securing Jobs**

A fine example of an effective partnership between economic development and workforce development is in Yakima County. The Economic Development Association/New Vision (EDA) assists manufacturing businesses via the Business Retention and Expansion Program. These businesses include agriculture and food processing, viticulture, metal fabrication, wood products, plastics, printing, fabrication of food processing equipment, and telecommunication products. Strong relationships between the EDA, the Tri-County WDC, and Washington Manufacturing Services paved the way to capitalize on a \$70,000 customized training grant. Private industry provided a match of \$140,000 and since 2002, over 200 workers from 45 manufacturing companies in the area have received customized training. EDA staff believes the success of the Business Retention Program has helped their county to weather the recession much better than most areas in the state.<sup>52</sup>

Washington State's investment in business retention and expansion services is significantly less than the majority of states. We need to expand services to other industries in the state beyond manufacturing and processing. We also need to link these services with efforts to develop and upgrade workers' skills and rapid response services to firms announcing impending layoffs. Again, private-public partnerships, discussed under Goal One, could facilitate the state's business retention and expansion services and help with the linkages to workforce development.

**Objective 2.3: Return unemployed workers to suitable work in as short a time as possible.****Strategies****2.3.1 Continue to develop dislocated worker services that are coherent, flexible, and accessible, and continue best practices such as rapid response labor-management committees.**

**Lead Organizations:** Employment Security Department and Workforce Development Councils.

In order to effect a coherent policy for serving dislocated workers, all state and federally funded programs that serve dislocated workers will implement consistently the following general principles across the state:

**General Principles for Serving Dislocated Workers**

1. Prevention is the best strategy. The state's first priority is to attempt to prevent worker dislocations from occurring. Examples of specific prevention strategies include: incumbent worker training and business and job retention assistance.
2. When dislocation cannot be prevented, the state will mobilize resources as quickly as possible. The state's response will be coordinated, involve labor and management, and will be based upon best practices.

<sup>52</sup> Personal communication with Mark Mochel, Yakima County Economic Development Association / New Vision May 27, 2004.

3. Frontline staff, including staff at WorkSource Centers, will provide knowledgeable and courteous services to dislocated workers. Frontline staff will be familiar with the full range of state and federal dislocated worker program options and resources and will immediately link workers with sources for further information.
4. The state will offer the highest quality labor market information, consumer reports on training providers, and other career planning information.
5. The state will use comprehensive assessments to quickly identify dislocated workers who may require intensive or training services in order to be successfully reemployed in suitable employment.
6. The state will offer dislocated workers high quality retraining in skills in high demand. The retraining will be accessible, timely, and based on industry standards.
7. Employment and education staff will collaborate in developing individual training plans.
8. The state will offer public financial assistance to help cover the living expenses of dislocated workers while they are in retraining, subject to funding and statutory restrictions.
9. Programs will be complementary, flexible, and consistent—avoiding contradictory rules, definitions and practices.

The major federal program for dislocated workers, Title III of the Job Training Partnership Act (JTPA) became part of WIA, Title I-B, on July 1, 2000. Washington frequently uses these federal funds in tandem with the state's Worker Retraining Program. Federally funded services include rapid response services to employers and workers, providing assistance as soon as pending layoffs are known. Best practices include feasibility studies of options other than closures and layoffs, and the establishment of labor-management committees that bring together the resources and perspectives of both parties to planning, oversight, and problem solving. Peers can bring special knowledge and better rapport to dislocated worker counseling. For workers who become dislocated due to plant closings, ESD and WorkSource Centers deliver on-site reemployment services.

For the purpose of enhancing the early warning system, ESD has developed a weekly early warning "red flag" report to share information with key state and local leaders on potential and actual worker dislocations.

### **2.3.2 Provide retraining in high-demand fields.**

**Lead Organization:** State Board for Community and Technical Colleges.

The state has invested \$68.5 million for the 2003-05 biennium for dislocated worker training through the Worker Retraining Program at community and technical colleges and private career schools. The colleges and schools provide training in basic skills and literacy, career and technical education, and related or supplemental instruction for apprentices. These dollars will assist more than 25,000 full-time equivalent students.<sup>53</sup> Students who qualify for the program may receive financial assistance that can help with tuition, as well as offset the costs of childcare and transportation.

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<sup>53</sup> Personal Communication with Carla McKnight, SBCTC, April 2004.

The 2000 Legislature enacted the Training Benefits Program that offers dislocated workers unemployment insurance benefits for up to 52 weeks (depending on their industry) while they are in retraining. Since July 2002, \$40 million dollars in additional benefits are available per biennium.

Workforce Board research has found that retraining can have a substantial positive impact on worker earnings, but this impact depends on the type of training.<sup>54</sup> Training for high-wage fields increases worker earnings (by an average of \$3,200 per year) while training for low-wage fields typically has a negative impact on earnings. That is, if training is in low-wage fields, dislocated workers are better off seeking immediate employment. Time spent in training is time spent out of the labor force where skills and experience can be gained on the job. To increase the net benefit of retraining, training should be in high-wage fields and provided in as short a time as possible while still preparing workers with the skills necessary for their new careers. Better career guidance prior to enrollment in training is needed so dislocated workers can make choices that will sustain their level of earnings.

### **Challenge Three: Wage Progression for Low-Income Workers**

**Goal 3: To assist disadvantaged youth, persons with disabilities, new labor market entrants, recent immigrants, and other low wage workers to move up the job ladder during their lifetimes by developing a wage progression strategy for low-income workers. Specific progress will be made in improving operating agencies and reducing the earnings gap facing people of color, people with disabilities, and women.**

#### **Key Performance Measures:**

**[Numbers to be updated in July]**

1. The percentage of students entering ninth grade class of common school students who graduate from high school: OSPI estimates a statewide “on-time” graduation rate for the Class of 2002 of 65.7 percent.<sup>55</sup>
2. The percentage of participants in workforce development programs whose earnings during the second year after program participation can support their family above the poverty level. (This measure will be reported separately for women, people of color, and people with disabilities, as well as for the participant population as a whole.) Among program participants with individual earnings below the family poverty line before starting 53 percent had individual earnings above the family poverty line during the second year after participation (50 percent for women, 48 percent for people of color, and 43 percent for people with disabilities) (first time measure).

<sup>54</sup> Westat, Inc, *Net Impact Evaluation of Retraining Under ESHB 1988*, 1997.

<sup>55</sup> “On-time graduation rate” is the percentage of entering ninth graders that graduate on time with their class.<sup>55</sup> This OSPI estimated on-time graduation rate is in line with the findings of another study of high school graduation rates, for the Class of 2001, conducted by the Manhattan Institute. It calculated that Washington’s graduation rate is 66 percent.

3. The median increase in earnings and hourly wages during the first three years after participation in workforce development programs. (This measure will be reported separately for women, people of color, and people with disabilities, as well as for the participant population as a whole.) Among program participants with individual earnings below the family poverty line before starting, median earnings during the third year after participation were 42 percent higher than during the first year after participation, and median hourly wages were 20 percent higher. For women, earnings were 40 percent higher, and hourly wages were 19 percent higher. For people of color, earnings were 39 percent higher and hourly wages were 17 percent higher. For people with disabilities, earnings were 68 percent higher and hourly wages were 18 percent higher (first time measure).

### **The Issue for Goal 3:**

In designing strategies to help low-income workers and youth we must take into account the different populations we are serving. Certain subpopulations are over-represented among the economically disadvantaged: people with disabilities, people of color, and women.<sup>56</sup> According to the 2002 Washington Population Survey, there were 601,000 adults (14 percent of Washington adults), age 21 or older, with household incomes at or below 175 percent of the poverty line. Many of the economically disadvantaged, 53 percent, were employed, but in low-paying jobs. Improving the earning potential of this group will not only increase their standard of living, but also improve the economic prosperity of the whole state.

For adults who are unemployed, we must apply strategies to help them get employed and to enable them to stay employed, because we know that continuous employment is usually accompanied by steadily rising wages.

For low-income individuals, we know that occupational skills training increases wage progression beyond the gains achieved by continuous employment alone. We must overcome financial, logistical, and access barriers that prevent disadvantaged people, including the working poor, from obtaining occupational skills training.

*"Clearly, many families remain poor despite having a significant attachment to the labor force. More than half of non-elderly individuals living in families with an income below 200 percent of the federal poverty level are in families who work."*

MDRC, National Governors Association, Center for Best Practices, 2004<sup>57</sup>

### **Objective 3.1: Reduce dropouts and increase high school graduations.**

#### **Strategies**

- 3.1.1 **Ensure all youth achieve the necessary core skills as established by industries in their chosen career pathway, including the achievement of the high school diploma or entrance into a postsecondary education or training program.**

<sup>56</sup> For a discussion on outcomes for target populations see Chapter Two: Our Changing Labor Force.

<sup>57</sup> MDRC and National Governors' Association Center for Best Practices, *Building Bridges to Self-Sufficiency: Improving Services for Low-Income Working Families*, March 2004, page 6.

**Lead Organization:** Office of Superintendent of Public Instruction.

OSPI estimates a statewide “on-time” graduation rate for the Class of 2002 of 65.7 percent. “On-time graduation rate” is the percentage of entering ninth graders that graduate on time with their class.<sup>58</sup> This OSPI estimated on-time graduation rate is in line with the findings of another study of high school graduation rates, for the Class of 2001, conducted by the Manhattan Institute. It calculated that Washington’s graduation rate is 66 percent. Washington ranks 38<sup>th</sup> nationally in helping students graduate on time. With the passage of No Child Left Behind school districts are considering restructuring high school to attract and retain students and improve graduation rates.

For students who drop out of their regular high school, alternative programs provide an option for obtaining a high school diploma.<sup>59</sup> Under WIA, local WDCs have established Youth Councils that are applying their resources to prevent dropouts and re-engage students in learning. Local WDCs can work with their local K-12 system, their WorkSource operators, and their contractors for youth services to ensure that resources are maximized.

For special education students who exit high school without a high school diploma, high schools need to ensure these students achieve the necessary core skills to gain entry into employment or postsecondary education and training. As a competency-based system of assessment emerges to replace seat-time, the K-12 system will need to revisit how success is measured for all students.

The 2002, legislation, Engrossed Senate Bill 6456, authorized the Academic Achievement and Accountability Commission (Commission) “to set performance improvement goals for certain disaggregated groups of students and dropout goals.” Just prior to the passage of state law, the federal No Child Left Behind Act passed requiring states to adopt goals for high school graduation rates and use the results to determine whether adequate yearly progress is being made. The Commission set a minimum graduation target rate of 73 percent for all students until the year 2014 when the goal will be 85 percent. This target does not have to be met separately for each of the sub-groups of racial and ethnic minorities, economically disadvantaged, limited-English proficient, and students with disabilities. The Commission also agreed to revisit the graduation rate goals in the fall of 2004 when better data is expected to be available.<sup>60</sup>

Increasing high school graduation rates requires a wide range of measures including preventative measures to assist students as early as possible. Students of color face great challenges; there are disproportionately high dropout rates for Hispanic, Native American and African American students.<sup>61</sup> Increasing “on-time” graduation rates as required by *No Child Left Behind* is an

<sup>58</sup> See also Office of Superintendent of Public Instruction paper, “Graduation and Dropout Statistics for Washington’s Counties, Districts, and Schools, School Year 2001-2002,” June, 2003.

<sup>59</sup> Alternative programs include: alternative learning experiences’ where students complete individual plans based on achieving competencies; alternative high schools that employ alternative learning strategies; alternative programs within high schools that provide alternative learning strategies; and high school academic and vocational programs at community and technical colleges. Youth in these programs are considered “in-school” youth; see also Dynarski, Mark et al., *Impacts of Dropout Prevention Programs*, Mathematica Policy Research, Inc., 8014, June 1998. This study found that intensive alternative courses at the middle school level reduced the dropout rate.

<sup>60</sup> Academic and Achievement Accountability Commission, *Annual Report*, OSPI, December 2003, pp 4-6, available at <http://www.k12.wa.us/accountability/Reports/2003>. New goals are expected to be developed by XX.

<sup>61</sup> OSPI, *Graduation and Dropout Statistic for Washington’s Counties, Districts, and Schools for the Year 2001-2002*, June 2003, available at [www.k12.wa.us/DataAdmin/pubdocs/GradDropout/DG2001-02.pdf](http://www.k12.wa.us/DataAdmin/pubdocs/GradDropout/DG2001-02.pdf)

important goal, but students who have dropped out and then re-enter an educational program are often so far behind they cannot graduate “on time.” These students still need assistance to obtain a high school diploma.

A priority issue identified at the **Statewide Tribal Education Summit** in 2003 was the high truancy and dropout rates among Native American students. At the summit, Native American students, tribal leaders, Native American educators, and state agency representatives created an action plan to meet this and other challenges. The plan includes developing partnerships between tribes and school districts, encouraging tribal community and parental involvement in education, and communicating tribal positions on education policy to school districts and state leaders. The summit was organized by the Governor’s Office of Indian Affairs and OSPI, and sponsors included the Confederated Tribes of the Colville Reservation, the Muckleshoot, the Squaxin Island, the Skokomish, the Jamestown S’Klallam, and the Makah tribes.

Finally, it must be stressed that a high school diploma alone does not generally enable an individual to obtain a family wage job. The path to self-sufficiency starts with graduating from high school.

**3.1.2 Develop local community-school partnerships that plan and implement drop-out prevention and retrieval initiatives for “at-risk” youth, including effective after school hours and summer programs.**

**Lead Organizations:** Workforce Training and Education Coordinating Board, Office of Superintendent of Public Instruction, and Workforce Development Councils (Youth Councils).

In 2004, the Workforce Board, ESD, and OSPI launched an initiative to help students finish school. The initiative is enabling workforce development councils, social service partners, and targeted school districts to implement dropout prevention and intervention demonstration projects in areas with high concentrations of at-risk youth.<sup>62</sup> The program teams are utilizing \$1.34 million of WIA youth allocations to leverage Basic Education Act funds. The goal is to return youth who have dropped out of high school to education and to prevent at-risk youth from dropping out.

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<sup>62</sup> “Targeted school districts” are school districts with high schools that do not meet the Washington State No Child Left Behind goal of a 73 percent high school graduation rate per the estimate of OSPI for the graduating class of 2002. “At-risk students” means students who are WIA eligible and have failed to pass one or more of the subjects tested on the WASL in the 7<sup>th</sup> or 10<sup>th</sup> grade.



**Wenatchee: Innovative Partnership Prevents and Retrieves Dropouts**

A partnership between the Wenatchee School District and the SkillSource Learning Center extends beyond traditional methods to educate young people. The program enables students who have dropped out of high school, often more than once, to complete their high school education or equivalent, gain experience in the workplace, and understand and act on vocational education opportunities. The program registers students with the Wenatchee School District, allowing state basic education funds to support individualized classroom learning, and federal workforce funds to support structured work-based learning with local companies and activities that moderate some of the adverse effect of dysfunctional or disadvantaged home environments.

In addition to dropout retrieval, this program prevents dropouts through *Credit Catch-Up*. High school students at risk of dropping out attend the Learning Center in the evenings to earn extra credit and get back on track for graduation. Close coordination between high school counselors and SkillSource instructors and trainers maximizes each student's productivity and success. Since its inception 15 years ago the program has benefited more than 1,000 former dropouts and enabled 450 of these to earn their high school or equivalency certificate.

**Objective 3.2: Assist unemployed individuals to gain and retain employment, and assist low-income individuals to achieve wage progression.**

**Strategies**

**3.2.1 Continue to develop more effective employment services and strengthen post-employment services to help individuals obtain and retain jobs that lead to wage progression.**

**Lead Organizations:** Employment Security Department and Workforce Development Councils.

Beyond completing their basic education, an initial step for disadvantaged individuals to increase their earnings gain and retain employment. WorkSource Centers are often the first point of contact for job seekers and therefore play a vital role in linking individuals to the resources they need to be successful.

Gaining and retaining employment can be a difficult first step for individuals at the bottom of the labor market. They may have problems coping with the balance of family and work—their work is often sacrificed if a domestic crisis arises. They may need help with transportation and childcare, and they may lack basic literacy and life management skills. Sometimes they experience substance abuse, trauma, domestic abuse, or homelessness. *Go2WorkSource.com* is the state's virtual site for public labor exchange.

Postemployment services assist individuals to retain their jobs and increase their earning potential.<sup>63</sup> In particular, new employees who are immigrants or without substantial employment history can benefit from a variety of postemployment support strategies. For example, post-employment services can help job seekers to identify career ladders, or career maps. These provide both a structured plan, and a pathway by which entry level workers can advance within a

<sup>63</sup> Harry J. Holzer and Douglas Wissoker, *How Can We Encourage Job Retention and Advancement of Welfare Recipients?*, New Federalism, The Urban Institute, Series A, No. A-49, October 2001.



set of related and increasingly better paid occupations. For example, an individual could start as a certified nursing assistant, advance to a position as a licensed practical nurse, and then to a registered nurse. Each level involves additional responsibilities and earnings, but requires learning additional skills.

The welfare-to-work programs that are most successful in increasing employment and earnings on a sustained basis provide a range of services, including job search, life skills, and education and training. The National Evaluation of Welfare-to-Work Strategies examined welfare-to-work programs across the nation and found that the Portland, Oregon JOBS Program: Steps to Success, produced notably larger impacts on employment and earnings than any other programs. Portland participants experienced a 25 percent increase in earnings and a 22 percent reduction in the time spent on welfare, compared to other programs that produced, on average, increases of 8 to 17 percent on earnings, and reductions in months on welfare of 8 to 14 percent. Steps to Success focused on employment in higher paying jobs with benefits, and included education and training, and life skills activities. Recipients usually participated in one service activity at a time depending on their specific needs.<sup>64</sup>

It is probable that some industries offer low-income workers better chances for wage progression than others. Preliminary evidence from research conducted by ESD suggests that construction and the finance and insurance industry offer the best opportunities for low-wage workers followed by manufacturing, wholesale trade, healthcare, and the information industry which includes many of the high-tech jobs.<sup>65</sup> Also of note was that changing employers and even industries was associated with gaining higher wages. The results of this study should be available the summer of 2004 and may prove useful in assisting low-income workers and unemployed individuals in taking advantage of opportunities with the most potential for career advancement and higher wages.<sup>66</sup>

*"We know that if we support lower-income workers, they are more engaged in their jobs, are more productive and have lower attrition rates. This saves corporations money."*

Donna Klein, VP Marriott Internal Diversity and Workplace Effectiveness, and CEO of Corporate Voices for Working Families<sup>67</sup>

Large companies across the nation have started to recognize the benefits of providing supportive services to low-income workers. A 1999 Family and Work Institute study of eight large employers with high proportions of low-income workers found that they saved money by providing health benefits, employee assistance plans, and wage increases to their low-wage workforce. Marriott International provides a variety of innovative programs designed to help workers resolve personal problems to be more effective at work. The company provides child care and transportation assistance, as well as financial counseling.<sup>68</sup>

<sup>64</sup> Karen Martinson and Julie Strawn, *Built to Last: Why Skills Matter for Long-Run Success in Welfare Reform*, Center for Law and Social Policy, National Institute for Literacy, National Adult Education Professional Development consortium, revised April 2003.

<sup>65</sup> Personal communication with Gary Kamimura, ESD, April 2004.

<sup>66</sup> Personal communication with Kirsta Glenn, Chief Economist, Labor Market and Economic Analysis Branch, ESD, March 8, 2004.

<sup>67</sup> Dara Mayer, "Out of Balance: Companies are recognizing that providing benefits to low-wage employees – stretched thin by the demand of work and life – can yield big returns", Ford Foundation Report: Barely Making It, The Changing Workplace, New Help for Working Families, Summer 2003, pp 12-17.

<sup>68</sup> Ibid 67.

### **Career Ladders in Nursing**

Shoreline Community College and the Service Employees International Union 1199 have launched a national labor management education program for Fast Track into Practical Nursing. The program is offered online, which allows students who already work in a health care setting to go to work and go to school at the same time. Clinical components of the course are offered on days that students are at work at a hospital, or at a long-term care site, enabling students to complete the clinical portion of their program without losing work days.

### **3.2.2 Expand programs with demonstrated success in enabling low-income individuals to achieve wage progression such as customized training, apprenticeship preparation and apprenticeship programs, and other training opportunities.**

**Lead Organization:** WorkFirst Sub-Cabinet.

Our state's WorkFirst program includes strategies to assist disadvantaged individuals to gain and retain employment. Support services are provided to facilitate employment, including childcare, transportation, and other employment-related costs. The Community Jobs program arranges for temporary jobs in government and community-based organizations and assists individuals to combine training with their employment. CJST provides short-term, customized training for specific employers. The WorkFirst Post-Employment Labor Exchange supports job retention and progression through career guidance, referrals, and other services over the telephone. The LEP Pathway blends English as a Second Language instruction with job search assistance, work, or work-like activities, and includes employability skills training. In 2003, WorkFirst launched the Targeted Wage Initiative, to increase the entry-level wage of WorkFirst participants and increase employability skills. Washington has been the most successful state in the nation in increasing the number of low-income workers claiming the federal Earned Income Tax Credit, which enables many low-wage workers to have income above the poverty level, thus increasing their incentive to gain and retain employment.

### **The Targeted Wage Initiative**

Many researchers assert that initial placements in better-paying jobs reduce the rate of return to welfare, and accelerates wage progression.<sup>69</sup> In 2003, WorkFirst partners launched the *Targeted Wage Initiative* (TWI). TWI intensifies job search and improves the employability skills of WorkFirst jobseekers' with the goal of employment in higher wage jobs within 90 days. Participants participate in a work skills assessment that enables them to develop a "success plan" that leads to one of three tracks:

1. Customer stays engaged with ESD for *Targeted Job Search* (e.g., job search training, job development, employer engagement, and short-term employability skills training).
2. Referral to college for Customized Job Skills Training.
3. Referral to college for High-Wage, High-Demand Training.<sup>70</sup>

<sup>69</sup> Harry J. Holzer and Douglas Wissoker, "How Can We Encourage Job Retention and Advancement for Welfare Recipients?" *New Federalism*, The Urban Institute, No. A-49, October 2001.

<sup>70</sup> High Wage, High Demand Training (HWHD) is a full-time training option that might be the best route to self-sufficiency for a small group of WorkFirst participants. The program allows WorkFirst clients to receive welfare benefits and support services while pursuing either a one-year certification from a community or technical college in the information technology of health care fields, or a one-year option to complete a two- or four-year degree in a high-wage, high-demand field as determined by ESD. Information obtained from the WorkFirst Handbook updated December 2003 <[http://www1.dshs.wa.gov/ESA/wfhand/e\\_and\\_t\\_standalone.htm](http://www1.dshs.wa.gov/ESA/wfhand/e_and_t_standalone.htm)>

New training programs that complement and enhance TWI Job Search services are offered at community and technical colleges across the state. By the end of 2003, most WorkFirst offices statewide had adopted TWI services.<sup>71</sup>

In Spokane, for example, TWI has been integrated with the WorkSource Business Outreach Plan to maximize the market share of the labor force for business services, and capitalize on living wage jobs and career ladders. Business representatives regularly participate in Job Search Workshops to enable clients to hear directly from business about the responsibilities and expectations of different jobs. In collaboration with the Community Colleges of Spokane, students may participate in CJST in health care, call center, hospitality, Microsoft Suite, and material handling. A WorkKeys assessment enables WorkFirst clients to define where they reach, exceed, or fall short of employer requirements in key competencies required by employers.

The TWI's inclusion of occupational skills training as an option is supported by research. The Workforce Board's 1997 and 2002 net impact evaluations examined the relative impact of workforce development strategies and found that occupational skills training was the most effective strategy for raising wages. Participants who received only adult basic skills instruction or job search assistance did not experience the strong earnings increase experienced by participants who received occupational skills training.

Program participants who received occupational skills training at a community or technical college experienced wage and earnings gains substantially above their comparison group of similar individuals. This finding does not say that occupational skills training is the right strategy for all disadvantaged people. Not all economically disadvantaged people are in a position to take advantage of a training program, due to substance abuse, limited basic skills, or other extreme barriers. This finding points out the importance of enabling individuals who can succeed in occupational skills training, to have access to it.

Supporting low-income individuals to join apprenticeship programs is another avenue for increasing occupational skills training for low-income individuals. Apprenticeship programs combine earning and learning and have built in wage progression as an individual demonstrates achievement of a formal set of skill standards.

### **3.2.3 Expand access to support services, such as child care, especially for target populations.**

**Lead Organizations:** Department of Social and Health Services (Economic Services and Division of Vocational Rehabilitation), Workforce Development Councils.

Gaining and retaining employment can be a difficult first step for entry-level workers or those with minimal skills or work experience. Individualized services can assist people to overcome the challenges of childcare, transportation, basic literacy, limited English language proficiency, or a lack of life management skills. Those with disabilities or those who experience substance abuse, domestic abuse, or homelessness have compounded problems.

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<sup>71</sup> Information obtained from WorkFirst within the Governor's Office  
< <http://www.workfirst.wa.gov/statestaff/TWIindex.html> >

### 3.2.4 Provide training programs at times and locations that are accessible to working people, and provide support services to assist in overcoming barriers to training.

**Lead Organization:** State Board for Community and Technical Colleges.

We face a daunting challenge in providing real access to occupational skills training for the working poor. They often have a difficult enough time working and taking care of a family, without also going to school.

We must make more training programs available at convenient hours and locations for working people. We must provide child care and other support services at times and places where parents are going to school. We must offer training using modular curricula and that is open-entry and open-exit so that workers can receive training in “doable” doses.

- While U.S. immigrants accounted for 40 percent of the population growth and 50 percent of the labor-force growth during the decade of the 1990s, a majority of immigrants perform at the lowest literacy level.
- U.S. immigrants have lower literacy, on average, than immigrants in other high-income countries, even when level of education is considered.
- U.S. immigrants with higher literacy proficiency have better labor market outcomes and wages and are less likely to be poor and require government support.
- U.S. immigrants with higher literacy proficiency are also more likely to be enrolled in education and training programs, participate in community and civic affairs, and keep abreast of public issues.

*Irwin Kirsch, “A Human Capital Concern: The Literacy Proficiency of U.S. Immigrants” Center for Global Assessment, Educational Testing Service, March 2004.*

### 3.2.5 Increase basic skills and English-as-a-Second Language instruction that is integrated with occupational skills training.

**Lead Organization:** State Board for Community and Technical Colleges’ Office of Adult Literacy.

More should be done to integrate occupational skills training with Adult Basic Skills instruction.<sup>72</sup> Both the Workforce Board and national research shows that basic skills training provides more likelihood of wage progression for participants when combined with occupational skills training. A recent CLASP report that examined programs in other states found that linking basic education, including English-as-a-Second Language, with occupational skill upgrading can have a dramatically positive effect on earnings. The report also asserts that basic skills and occupational skills instruction could be even more effective when combined with “soft skills” training to help immigrants understand and advance in U.S. workplace culture.<sup>73</sup>

<sup>72</sup> Workforce Training and Education Coordinating Board, *Workforce Training Results 2002: An Evaluation of Washington State’s Workforce Development System*, 2003, pages 48-54.

<sup>73</sup> Heide Spruck Wrigley, Elise Richer, Karin Martinson, Hitomi Kubo, Julie Strawn, *The Language of Opportunity: Expanding Employment Prospects for Adults with Limited English Skills*, National Adult Education Professional Development Consortium, Center for Law and Social Policy, August 2003.

The CLASP report also recommends developing ESL workplace certificates which establish English language competencies needed in particular jobs. Washington is one of five pilot states participating in a project to develop a workplace readiness credential that could be an important tool for residents with limited English-proficiency. The credential training and assessment could be provided for students in adult education and career and technical education programs, and to customers of WorkSource Centers.

### **Bridging Cultural Gaps in the Workplace**

Clover Park Technical College received a grant from SBCTC, Office of Adult Literacy, to develop a curriculum designed to help immigrants achieve greater success in the U.S. workplace. The curriculum develops cross-cultural competence and knowledge of cultural expectations in the US work environment.

The curriculum assesses the cross-cultural training needs of the learners, and includes units on communicating across cultural boundaries, and employer and employee expectations on the job. A secondary benefit is the enhancement of English language skills through role plays, conversation, and the use of new words. At the end of each chapter students practice new skills through real world activities and conduct self-assessments. Program outcomes include increased job retention and opportunities for advancement on the job.

The curriculum creators stress, "...the goal of the curriculum is not to change the learners but rather to help them adapt to the differences they will encounter. This will enable them to participate more effectively and comfortably in the workplace in the United States."<sup>74</sup>

### **3.2.6 Create and offer financial incentives to employers and low-income workers to increase training.**

**Lead Organization:** WorkFirst Sub-Cabinet.

We must provide financial incentives to both employers and employees for career and technical skills training so that both can afford it. Washington could consider incentives that are offered in other states such as tax credits, income support for time spent in training, and financial aid for part-time enrollment. In Ohio, welfare recipients who obtain entry-level hospitality jobs are eligible to participate in the Hospitality On-Site Training Program. Each week participants receive 10 hours training, work for 20 hours and the program pays them for 30 hours work, enabling them to meet the work requirements of the state's welfare reform law.<sup>75</sup> North Carolina's New and Expanding Training Program includes a worker training tax credit to the company for new employees during training, or existing employees training on new equipment. To be eligible the company must pay above the average wage standard for the county of location and extra credit is available in regions where jobs are most needed. The Focused Training

<sup>74</sup> Kimberly Ward, *Bridging Cultural Gaps in the Workplace*, Clover Park Technical College, supported by SBCTC, the Office of Adult Literacy, 2003.

<sup>75</sup> National Governors Association, *Working Out of Poverty: Helping Welfare Recipients Increase the Wages and Advance*, September 1999. 9

Program assists companies in training workers to use new technologies in targeted industries: manufacturing, information, and telecommunications.<sup>76</sup>

### **3.2.7 Provide financial assistance that that enables working adults and ESL, Adult Basic Skills students to take advantage of education and training opportunities.**

**Lead organizations:** Higher Education Coordinating Board and State Board for Community and Technical Colleges.

According to *Measuring Up 2003 – The State-By State Report Card for Higher Education*, Washington State lags behind other states for college participation of working age adults aged 24 to 50. Community and technical college students enroll in workforce programs to upgrade or retrain. The majority of these are low-income working adults who attend part time, often enrolling in fewer than six credits per quarter. The average annual income for the typical adult enrolled in workforce education programs on a part-time basis is \$19,285 (2001-02). This compares to the state average annual income from wage earnings of \$37,849.<sup>77</sup>

Participants in Adult Basic Skills and English as a second language programs face more severe financial barriers. According to the 2000 Census there were over 494,000 adults in Washington age 25 or older with less than a high school credential, and 255,000 adults 18 or older with limited English proficiency. Since the state needs to ensure that its residents have opportunities to achieve basic literacy as a first step to wage progression, it makes sense to remove barriers, including financial barriers that could inhibit the path to obtaining work and achieving wage progression. Previously free, colleges may now impose a \$25 fee, or waive charges for students who cannot pay.

*“Adult students (25 years of age and older) are becoming the new majority on campuses across the nation, and many of these students, particularly those who are low-income, face multiple challenges and barriers to academic success.”*

Lumina Foundation/ACE, 2004.<sup>78</sup>

### **Objective 3.3: Remove barriers for populations with unique obstacles to employment and increase the number of employers who hire individuals with disabilities, women, and people of color in high-wage, high-demand occupations.**

Our labor force contraction is offering a once in a lifetime opportunity to make good paying jobs available to a wider spectrum of people than in the past. The challenge is that many of the populations that have been under-utilized in the past continue to face barriers in the labor market.

<sup>76</sup> Dr. Gerald Pumphrey, Bellingham Technical College (former Vice President of Guildford Community College, North Carolina), presentation before the House Trade and Economic Development Committee of the Washington State Legislature, February 4, 2002.

<sup>77</sup> Bureau of Labor Statistics, U.S. Department of Labor, News Release 02-23, March, 2002 from 2000 Census data available at <<http://www.bls.gov/ro9/ro9news.htm>>

<sup>78</sup> Bryan Cook, with Jacqueline E. King, and Anthony P. Carnevale and Donna M. Desrochers, “Low-Income Adults in Profile : Improving Lives Through Higher Education” Lumina Foundation, American Council on Education Center for Policy Analysis, February 2004.



Several programs currently address the needs of these special populations. DVR and DSB provide a full range of vocational services for the people with the most severe barriers, including assessing vocational interests and abilities, referrals for job training, physical and mental restoration services, and conducting follow up services to people with significant disabilities. As described earlier, WorkFirst's services to Temporary Assistance for Needy Family (TANF) recipients include LEP Pathway that blends English as a second language instruction, job search, job retention assistance, and access to training for wage progression.

Farm workers have particular needs that must be addressed. Among the approximately 170,000 migrant and seasonal farm workers, the median annual income is \$5,000, and the median level of educational attainment is the eighth grade. In the first two years of operation the DOL's *National Farmworker Jobs Program* assisted 800 migrant and seasonal farm workers in Washington to obtain job training, employability development assistance (including literacy development), and related assistance.<sup>79</sup> We must continue to create training programs that respond to the unique characteristics of the farm worker population, including the seasonal nature of their work.

## Strategies

### 3.3.1 Implement the Ticket to Work Program.

**Lead Organizations:** Division of Vocational Rehabilitation, the Department of Services for the Blind, and Workforce Development Councils.

Because Ticket to Work assists many people with disabilities to take advantage of employment opportunities it is important that workforce partners and service deliverers have a strong understanding of this program and inform customers of the options that are become available.

#### **Ticket to Work – Phase 2**

Washington began implementing HWD in January 2002. The first phase of the Ticket to Work and Work Incentives Improvement Act of 1999 that enabled states to eliminate barriers to employment for people with disabilities by improving access to health care coverage available under Medicare and Medicaid. HWD allows people with disabilities to work and to earn up to 450 percent of the federal poverty level and still continue their Medicaid coverage, eliminating one of the most significant barriers to employment.

The next phase of Ticket to Work began in Washington in June 2003. The Social Security administration sent a *ticket* to every working age Social Security Insurance or Social Security Disability Insurance beneficiary (180,000 individuals) in Washington, that they could take to any approved service provider from the employment network and exchange for services leading to or supporting employment. If the services are successful in enabling the ticket holder to work and earn to the point that they are no longer drawing a monetary benefit from Social Security, then the ticket taker is paid up to 40 percent of what that monetary benefit would have been for up to five years.

<sup>79</sup> The target population for this program is 80-85 percent Hispanic.

### 3.3.2 Educate employers, especially employers from high-wage, high-demand industries about the benefits of hiring individuals from target populations.

**Lead Organizations:** Employment Security Department, Institute for Workforce Development and Economic Sustainability (an Association of Washington Business affiliate).

People with disabilities constitute Washington's largest underutilized human resource. Several studies reveal that employers are at least as satisfied with employees with disabilities as with others. A study by the DuPont Corporation, reported that at least 90 percent of 3,000 employees with disabilities were rated average or above average in job performance.<sup>80</sup> Employers may be largely unaware of the benefits of hiring people with disabilities, including the nine different tax incentives designed to encourage employment of people with disabilities and over 100 different programs that assist with recruiting, and other issues related to employing people who have disabilities. Disabilities program administrators must work together to ensure that the wide array of programs appear seamless from the employer's perspective and meet employers' needs.

DVR and the Governor's Committee on Disability Issues and Employment are working together to develop a *Disability Employment Clearing House*. The *Clearing House* will serve as a single point of contact for many groups. For the employer community, it will serve as a resource for recruitment, training, and providing information and resources on reasonable accommodation, to assist with successfully employing people who have disabilities. The *Clearing House* will also provide templates for marketing materials and will be used as a resource for technical assistance to improve the effectiveness of efforts by generic business outreach program to market workers who have disabilities.

### 3.3.3 Continue developing accountability and program improvement mechanisms for increasing employment and earnings for target populations.

**Lead Organization:** Workforce Training and Education Coordinating Board.

Program improvement begins with sound information about program performance. In 2003, the Workforce Board published six "Workforce Focus" papers presenting the results of workforce development programs for target populations, such as women, people with disabilities, Hispanics, Asians and Pacific Islanders, African-Americans, and Native Americans. Results are included for community and technical college job preparatory training, worker retraining, the three funding streams of the JTPA (now WIA Title I), Adult Basic Skills Education, vocational rehabilitation, private career schools, and secondary career and technical education.<sup>81</sup>

The "Workforce Focus" papers identify the share of programs' participants that are from target populations; completion rates; post-program employment rates, hourly wage rates, and earnings levels, participant satisfaction with their program, and how the results for target populations

<sup>80</sup> The Dupont Corporation, *Equal to the Task II*, 1990 report of employer survey results. "... the 1990 survey confirms that our employees with disabilities maintain their status as safe, productive and dependable workers." The Job Accommodation Network, Office of Disability Employment Policy, cost benefits analysis of accommodations, 1999, <http://www.jan.wvu.edu/media/Stats/BenCosts0799.html> Employers reported benefits of providing accommodations for employees with disabilities.

<sup>81</sup> Workforce Training and Education Coordinating Board, *Workforce Focus*, 2003. Available at <<http://www.wtb.wa.gov/publications.html>>



compare to the results for other program participants. Workforce development programs can now use this information to improve the diversity of their programs, as well as the results for target populations. The Workforce Board will update the information every two years.

Comprehensive data helps to formulate workforce development policy but this must be complemented by accountability and improvement mechanisms. Agencies should:

- Continue to develop mechanisms for the collection and analysis of data on the usage and outcomes of workforce system services by target populations and for target population membership on local WDCs.
- Conduct coordinated research examining the variation in wage progression among target populations and identify variables that account for success or failure.
- Identify, highlight and replicate programs and best practices that have demonstrated successful outcomes for target populations.
- Develop and maintain performance measures that encourage access to services and beneficial outcomes for target populations.

#### **Challenge Four: Facilitate the Integration of Workforce Development Programs**

##### **Goal 4: Integrate workforce development programs to improve customer service.**

#### **Key Performance Measures**

1. The percentage of total employers using WorkSource: Seven percent of Washington employers used WorkSource during first year, not counting electronic services (first time measure).
2. The percentage of total workers using WorkSource (this measure will be reported separately for women, people of color, and people with disabilities, as well as for the participant population as a whole): Ten percent of Washington workers used WorkSource during the first year, not counting electronic services.
3. WorkSource customer perception of seamlessness as evidenced by survey responses. this measure will be reported separately for women, people of color, and people with disabilities, as well as for the participant population as a whole)

#### **The Issue for Goal 4:**

Through state and federal statutes and Executive Orders there are 18 different programs managed by seven agencies in the workforce development system. Congress and the Legislature created each program to fulfill specific purposes, and it can be a challenge for service delivery administrators and staff to make connections between programs so that customers receive the highest quality service. As discussed in Chapter 3, WorkSource is Washington's one-stop portal where job seekers and business customers alike can access a full range of services.

While there are 27 full-service WorkSource Centers and 43 affiliates, we still have a long way to go. We must knock down categorical thinking. We must think of the workforce development programs as a system, and act as if they were a system. We must face up to hard decisions regarding shared resources and shared accountability for results. One of the most crucial challenges facing the system is to successfully mobilize the resources needed to provide reasonable accommodations for customers with disabilities and grant this population the same opportunities to take advantage of services as other populations. If we are to meet the challenges presented by the skills gap, transitions for incumbent and dislocated workers, and wage progression for low-income individuals, we must move beyond programmatic approaches. We must provide the best possible service to employers and job seekers, through any funding stream that works, freeing our customers from concern about administrative requirements.

#### **WorkSource Performance Indicators<sup>82</sup>**

- 79.1 percent of WorkSource customers said WorkSource is doing either an excellent or good job in making services easier to use.

### **Objective 4.1: Improve WorkSource services to business customers.**

#### **Strategies**

#### **4.1.1 Respond to the needs of business customers and implement coordinated strategies among WorkSource partners.**

**Lead organizations:** Employment Security Department, Workforce Development Councils, Institute for Workforce Development and Economic Sustainability.

A coordinated approach for WorkSource services will enable employers to get assistance from the public sector, not only to find workers but for a variety of other services. The WorkSource system can provide labor market information, prevailing wage rates for specific occupations and geographic regions, computer job matching, assistance with recruitment such as screening services and job training, among many other services.

#### **Coordination to Serve Employers in Skagit County**

In Skagit County, manufacturing businesses identified a need for assistance with recruitment of skilled workers and training current employees in manufacturing to upgrade their skills in line with current practices. Through the Business Retention and Expansion Program, the EDA of Skagit County, acts as a facilitator connecting businesses with workforce development partners and resources. The EDA works effectively with the Northwest WDC, the WorkSource Center, Skagit Valley Community College, and other training programs. In 2003, the Northwest WDC received a Targeted Industry Partnership grant from ESD as part of the Governor's WIA 10

<sup>82</sup> The Workforce Board, second annual report on WorkSource Performance, 2003. This report includes results for 15 indicators of WorkSource system performance.

percent allocation. This grant has enabled over 30 workers from Northern Marine, a luxury yacht building company in Anacortes, to receive customized technical training, and another 150 to receive safety training.<sup>83</sup>

CTED, in partnership with ESD, has launched the *Smart Move* initiative that will test new ideas and support innovations in business outreach. *Smart Move* provides \$40,000, divided into small grants of \$5,000 to \$7,000, for WorkSource Centers to strengthen connections between the business community, and low-income (WorkFirst job seekers). Funds may be used to customize marketing materials or resources around a key industry, provide specific customer training, create easier access to information about tax credit opportunities, or to assist current projects that need further financial support to explore innovations. Along similar lines but with a slightly different focus, DOL awarded the Workforce Board, in partnership with ESD, a \$30,000 Technical Assistance and Training grant to enhance the work of skill panels. Skill panels applied for up to \$5,000 to develop in-depth working relationships with WorkSource Centers in their area. The funds can support industry-specific activities such as presentations by panels of employers, workplace tours, job shadowing experiences for WorkSource staff, and participation at industry-specific conferences. The goal is to deepen WorkSource staff knowledge of the skill needs of key industry.

The Workforce Innovations Network project will pilot a “Loaned Professional” program to enable business executives to work in local WorkSource Centers to learn about business services and improve them. Recognizing the need to develop workforce leaders among the business community, *Workforce Washington!* will pre-screen and orient more than 400 business candidates willing to serve on WDCs, the Workforce Board, or community and technical college boards or advisory committees.

*“WorkSource Centers need to strategically decide on which employers to focus their attention. One breakthrough point observed by some of the centers with strong employer services teams was a realization that they needed a carefully thought through strategy about employers on which to concentrate. No One-Stop Center can serve everyone well, just because of resource limitations. What some have realized is focusing on economic development targeted industries or on other strategically selected firms may result in greater impact.”*

Larry Good, President, Corporation for a Skilled Workforce, *Benchmarking One-Stop Centers: Understanding Keys to Success*

**Objective 4.2: Make workforce development services from multiple providers a straightforward and effective experience for job seekers and youth.**

### **Strategies**

**4.2.1 Improve customer service by collecting and using customer feedback, providing electronic services, and sharing information on customer service best practices.**

**Lead organization:** Employment Security Department.

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<sup>83</sup> Personal communication with Ryan Patrick, Economic Development Association of Skagit County, May 27, 2004.

WorkSource Centers and affiliates around the state devised a variety of methods for assessing customer satisfaction that range from customer satisfaction cards to focus groups. Since 2003, ESD's "mystery shopping program" has evaluated customer service for job seekers and business customers, and includes mystery shoppers with limited English proficiency and people with disabilities. Mystery shopping data and analysis is shared with Employment Security leadership, and the 12 WDCs who are responsible for oversight of WorkSource Centers. Staff learn about best practices and examples of positive and negative interactions via *Morning News* articles, ESD's intranet site, and at local office staff meetings. WorkSource Centers and affiliates recognize staff for exemplary customer service and use mystery shopper results to improve service. One best practice example that local offices have adopted is the "Telephone Etiquette Desk Aid" that changed the Unemployment Insurance Telecenter telephone script to better meet the needs of customers.

In response to feedback from job seeker and employer customers, as well as WorkSource and affiliate staff, a new, enhanced version of *Go2WorkSource.com* will be released in early 2005. It will improve usability, efficiency, and accountability. Specifically, the site will respond to customer requests; expand recruitment features; provide multiple language translation for all content, navigation, resumes, and jobs; and increase integration with other state and national web sites: *Workforce Explorer*, *America's Job Bank* and *Career One-Stop*.

Identifying additional sites for customer core services access via the Internet is another way to improve customer service. For individuals who do not have access to the internet at home, WorkSource partners will identify additional public spaces that can offer internet access. Possible venues include libraries, community and technical colleges, and community centers.

The annual "Workforce Strategies" leadership conference is an opportunity to recognize Best Practices. Since 2001 the Workforce Board has hosted an annual conference bringing public, private, state, and local workforce development leaders together to share information, develop relationships, and examine innovative local and national policies. In 2003 the Workforce Board and ESD hosted a Youth Council Institute. Members and staff from Youth Councils of all 12 WDCs learned about the innovations of their counterparts and national best practices to assist youth achieve success in education and the workforce.

#### **4.2.2 Include all WorkSource partners in customer service training, including training in serving target populations.**

**Lead organization:** Employment Security Department.

Since January 2003 over 90 percent of ESD staff and about 80 percent of affiliate staff have been trained in "Creating Magical Moments for Our Customers," understanding customer needs, communication that makes a difference, dealing with customer service challenges, and problem solving. Other training includes development of an assessment tool for workforce staff that helps them to identify competencies and training needs, and enhancing staff's ability to provide fair, respectful, consistent, and conscientious service to internal and external customers.

Customers and training providers from target populations are well represented among those developing the training models and delivering the training. The training capitalizes on available capacity and expertise. By taking these steps, WorkSource Centers help ensure that workforce development services are provided in a welcoming and accessible manner to the full range of customers.

#### **4.2.3 Enhance the statewide information system (SKIES) for case management that is shared by WorkSource partners.**

**Lead organization:** Employment Security Department.

In the past, WorkSource partners have kept separate management information systems even though they provide related services to the same customers. SKIES is a shared database that allows WorkSource partners to access the same management and customer information to provide more efficient, coordinated services, while respecting customer confidentiality. With the implementation of SKIES any WorkSource partner agency can access the same customer file with fully updated information thus removing the burden and costs of redundant forms from the customer, and enhancing our capacity to meet customer needs. During 2004 ESD is making further improvements to SKIES to better support business needs, and streamline the information system.

#### **4.2.4 Maintain and continue to develop systems to track and report core WorkSource services.**

**Lead organizations:** Employment Security Department, Workforce Development Councils, and the Workforce Training and Education Coordinating Board.

While SKIES tracks WorkSource participants who register for program services, many services do not require “registration.” Job seekers and employers who visit resource rooms, browse the website, <http://www.go2worksource.com>, or access other services that do not involve significant staff assistance, do not have to register. In order to meet customer needs and to adjust services to meet changing needs, service providers must know how many people are using these services. WorkSource Centers, with guidance from WDCs, have developed the “WorkSource Membership System,” a mechanism to track participants who only use such services. This data will be important for analyzing the services accessed by target populations; they will also assist the WorkSource system to report on its full contribution to meeting employers, students, and job seeker needs.

#### **4.2.5 Improve communication and collaboration among workforce development youth partners.**

**Lead organizations:** Office of Superintendent of Public Instruction, Workforce Development Council (Youth Councils).

Improving communication and collaboration among workforce development youth partners will lead to better service, and youth customers will be able to navigate the system more easily. Service integration helps bridge common problems of engaging, co-enrolling, and providing services that address the unique needs of all youth ages 14-21. Service integration may include, but is not limited to, addressing:

1. Sharing of youth-specific data and customer information.
2. Development of common tools, including individual career planning, the provision of support services, eligibility documentation and assessments.
3. Cross-training opportunities among service integration plan partners.
4. Methods to leverage resources to serve both targeted populations and universal youth services.
5. Methods to leverage resources, including the Basic Education Act, to increase students' success in school, thus increasing the graduation rate.

All 12 Youth Councils have developed service integration plans, and are working to ensure all partners maintain a coordinated approach.

#### **4.2.6 Find financial resources to sustain the WorkSource delivery system infrastructure.**

**Lead organizations:** Employment Security Department, Workforce Training and Education Coordinating Board, and Workforce Development Councils.

In the mid 1990's the DOL provided start-up funding for the development of WorkSource, Washington's one-stop system. Additional development funding has been provided through the Governor's state set-aside funding through WIA. No funding mechanism, however, has been identified to sustain WorkSource infrastructure, such as equipment and facilities. WorkSource partners will work together to identify appropriate resources to sustain the necessary infrastructure and will advocate for federal commitment to this streamlining initiative.

In 2003, the Workforce Investment Act was due for reauthorization. One of the positions of state and local stakeholders in Washington is that there should be line-item funding for the one-stop career development system that does not diminish resources for partner program services. The House and Senate reauthorization proposals establish a new funding mechanism for infrastructure that is state-determined, and the Governor, in consultation with stakeholders, determines the amounts that each one-stop partner program must contribute. The Senate version offers an alternative that allows local areas to develop a funding mechanism. Both bills authorize one-stop partners to contribute additional monies to support infrastructure.

**Objective 4.3: Provide services that meet the unique needs of individuals from target populations, and reach out to these populations to increase their use of WorkSource services.**

#### **Strategies**

##### **4.3.1 Provide individuals with disabilities with equal opportunities to benefit from WorkSource services.**

**Lead organizations:** Employment Security Department, and Workforce Development Councils.

The Engrossed Senate Joint Memorial 8014 adopted in the 2002 Legislature, directs certain state agencies to report to the Legislature and the Governor annually on the outcomes of efforts undertaken to improve the delivery of employment and training services to people with



disabilities, including examples of specific programs and services.<sup>84</sup> The first report indicated that ESD, DVR, DSB, WorkSource Partner Programs, WDCs and the Workforce Board have made significant progress in developing the capacity of WorkSource Centers and affiliates to provide people with disabilities with an equal opportunity to participate in programs and services and achieve equal results.

Progress included the development of accessibility assessment tools, recruiting and training assessment teams, and developing a comprehensive customizable staff training curriculum. DVR led comprehensive facility accessibility reviews of every WorkSource Center and many affiliates, DSB expanded the scope of these reviews to include assessment of the accessibility of the information and electronic technology hardware and software, and facility staff created local plans to address access issues. In addition, the Workforce Board developed mathematical models that adjust performance targets for programs that serve hard-to-serve populations such as some people with disabilities, and published results of workforce development programs in serving people with a disability.

A remaining barrier to equal access for people with disabilities is the lack of accessibility standards for procurement of information technology used in WorkSource Centers. When accessibility is not planned for during development and procurement of information systems the result is either increased costs for individualized accommodations, or an inability to deliver the most effective and accessible services, or both. The federal government has adopted electronic and IT access standards. Adopting a similar set of standards would allow WorkSource to communicate its access needs to vendors, assess the relative accessibility of alternate products, and improve the ability of people with disabilities to participate equally in programs and services impacted by these products.

#### **Principles for Providing People with Disabilities Equal Opportunities at WorkSource**

1. Provide individuals with disabilities equal access to information technology and data.
2. Provide oral and written communication systems that are effective in meeting the unique needs of individuals with disabilities.
3. Provide and maintain a barrier free physical environment for individuals with disabilities.
4. Routinely consider and provide reasonable accommodations that are responsive to the unique needs of individuals with disabilities.

In May 2002, DOL awarded \$1 million to the Washington Workforce Association (WWA) to assist WorkSource sites to enhance their ability to provide integrated core, intensive, and training services to individuals with disabilities, and improve their quality. WWA partnered with state agencies on the WorkSource Disabilities Network to create the project called the Washington Employment Leadership Coalition on Meeting Expectations (WELCOME).<sup>85</sup> Six pilot programs

<sup>84</sup> The agencies are: Developmental Disabilities Council, Governor's Committee on Disability Issues and Employment, DSHS Division of Vocational Rehabilitation, the Department of Services for the Blind, Employment Security Department, Superintendent of Public Instruction, and the Workforce Training and Education Coordinating Board.

<sup>85</sup> The WorkSource Disability Network comprises ESD, DVR, Governor's Committee on Disability Issues and Employment, Developmental Disabilities, Council, DSB, Workforce Board, SBCTC, OSPI, and WWA.

focused on practices that can be replicated such as designing materials, training, creating processes for linking partners, developing employers services and outreach strategies, and creating evaluation and assessments focused on increasing employment outcomes for individuals with disabilities.<sup>86</sup>

**4.3.2 Continue outreach and capacity building activities with partners, including tribes and community-based organizations to ensure involvement of targeted populations within the WorkSource system.**

**Lead organizations:** Employment Security Department and Workforce Development Councils.

When WorkSource, the integrated one-stop system for employment services, was first launched in 2000, there were concerns that racial and ethnic minorities and people with disabilities might be unwilling to use WorkSource services if members of their community had not established a habit of using these services. The first step to ensure that members of these communities use services was to create a welcoming and fully accessible WorkSource environment.

Community-based organizations, locally-based state agencies, and tribes are often in a position to bring persons with unique barriers and needs into their WorkSource Centers. Joint planning, staff-training, and outreach efforts by WorkSource partners have proven effective. These efforts ensure program administrators and frontline staff have the tools and capacity to ensure that individuals with various needs are aware of, and participate in and benefit from workforce development services.

**4.3.3 Encourage diversity among the membership of local Workforce Development Councils and WorkSource staff to reflect the diversity of our communities.**

**Lead organizations:** Employment Security Department, Workforce Training and Education Coordinating Board, and ~~Workforce Development Councils~~ Local Elected Officials.

Local Elected Officials are responsible for appointing members of local WDC. Current council members and their staff may assist in the recruitment of new members. For many positions, the appointments must be made from among nominations provided by local organizations such as business, labor, and education organizations. Diversity among WDCs and WorkSource staff provide both insight for other staff on serving target populations and a frontline example for diverse hiring and appointment practices. Associations, community organizations, and state and local government agencies that represent target populations, are a valuable resources for recruiting people from target populations into leadership and staff positions.

**Objective 4.4: Maintain a performance accountability system for workforce development that is integrated across programs.**

**Strategy**

<sup>86</sup> Personal communication with Maureen Witter, WWA, May 27, 2004.



#### **4.4.1 Lead the national Integrated Performance Information Project**

**Lead organization:** Workforce Training and Education Coordinating Board.

Chapter four of “High Skills, High Wages,” describes Washington’s performance accountability system for workforce development, Performance Management for Continuous Improvement (PMCI). PMCI consists of a system of goals, measures and indicators, performance targets, evaluations, consequences for results, and continuous quality improvement efforts. As Congress changes the accountability requirements for the Workforce Investment Act and the Carl D. Perkins Act as part of the reauthorization process, the Workforce Board will convene stakeholders to incorporate appropriate changes into the PMCI accountability system.

In 2003, recognizing that Washington has one of the most comprehensive state systems of accountability for workforce development, the US DOL asked the Workforce Board to lead the states in developing the next generation performance measurement system. DOL asked the Workforce Board to attempt to reach a consensus among the states on system design and to produce a Blueprint that would guide states on how to create the type of system that Washington has. The project is called Integrated Performance Information (IPI).

The focus of the IPI Project is on performance information that is consistent across workforce development programs and across the national, state, and local levels, and on shared information systems for reporting performance.

In order to build a consensus among states, the Workforce Board, with the assistance of the National Governors Association (NGA), has convened policy and technical teams from six leading edge states (Oregon, Montana, Texas, Florida, Pennsylvania, and Michigan). Each state team includes representatives of a cross-section of workforce development programs. During the summer of 2004 Workforce Board staff, in consultation with NGA and the state teams, will draft the Blueprint. During the fall of 2004 staff from Washington and the other states will hold technical institutes to assist other states, further build the consensus, and to perfect the Blueprint. Dissemination activities will begin late in 2004 and continue into 2005.

In addition to assisting the states to make progress, the IPI Project may influence national policy makers as they struggle to improve accountability for workforce development, including during the reauthorization process. The Project will also help Washington as we learn from other states and develop ways that we can improve our own accountability system.

# **TAB 3**

**WASHINGTON STATE  
WORKFORCE TRAINING AND EDUCATION COORDINATING BOARD  
MEETING NO. 98  
JUNE 30, 2004**

**HIGHER EDUCATION COORDINATING BOARD  
STRATEGIC MASTER PLAN FOR HIGHER EDUCATION**

The Higher Education Coordinating Board (HECB) is scheduled to adopt the 2004 Strategic Master Plan for Higher Education at its meeting on July 22. The HECB has issued summaries of 11 policy proposals being considered for adoption. The proposals are included in this tab, along with an analysis of the proposals related to workforce development and a recommended motion. The June 30 meeting will be the Workforce Board's opportunity to take action in regards to the HECB Master Plan prior to its adoption.

**Board Action Requested:** Adoption of the recommended motion.

## **RECOMMENDED MOTION**

**WHEREAS,** The Higher Education Coordinating Board has issued goals and new policy proposals for the 2004 Strategic Master Plan for Higher Education; and

**WHEREAS,** The goals and policy proposals contain important, positive steps including:

Outcome based goals including increasing the number of students who complete job training and responding to the state's economic needs.

An ongoing system for identifying and allocating funds to fields of study where there is unmet employer demand.

Financial assistance that will help workforce education students.

Statewide articulation and transfer policies that will improve efficiency.

Improved performance accountability and data systems; and

**WHEREAS,** The Higher Education Coordinating Board has responded to the request of the Workforce Training and Education Coordinating Board and other stakeholders and has dropped the interim proposal of merging governance for higher education and workforce development; and,

**WHEREAS,** The policy proposals could be improved by including:

Data on job openings by education level.

The latest analysis of the number of job training completions needed to fill job openings.

Cluster-based planning to meet regional economic needs.

Collaboration among the Higher Education Coordinating Board, the State Board for Community and Technical Colleges, the Workforce Training and Education Coordinating Board, and the Employment Security Department in identifying high demand fields of study.

General funding mechanisms that remove disincentives to offer high-cost, high-demand fields of study.

Careful consideration of the impact of an outcome-based funding system on workforce education at the community and technical colleges.

The creation of applied baccalaureate degrees.

The development of a data system that complements but does not duplicate the data system of the community and technical colleges.

The importance of providing adult basic skills education and the need to better integrate adult education with occupational skills training.

The importance of providing retraining to dislocated workers.

Reconsideration of the timing for P-16 proposals in order to enable the involvement of the new governor.

**THEREFORE, BE IT RESOLVED,** The Workforce Training and Education Coordinating Board express its support to the Higher Education Coordinating Board for the important steps outlined in this resolution and its support for addressing the additional items included in this resolution in the 2004 Strategic Master Plan for Higher Education.

## **Strategic Master Plan for Higher Education**

### **Workforce Board Staff Analysis of Policy Proposals**

The Higher Education Coordinating Board (HECB) has issued draft policy proposals for the 2004 Strategic Master Plan for Higher Education. There are 11 policy proposals supporting two Goals (see attachment). This paper analyzes the goals and proposals as related to issues of concern to the Workforce Training and Education Coordinating Board (Workforce Board). Proposals outside the purview of the Workforce Board are not addressed. The paper at times makes reference to the Interim Master Plan issued by the HECB in December 2003.

#### **Goals**

There are two goals:

Goal 1: Increase opportunities for students to earn degrees—increase by about 20 percent the total number of students who earn college degrees and complete job training each year.

Goal 2: Respond to the state's economic needs—expand opportunities in high-demand fields; increase state funding for university research; and increase the number of students who complete job training programs and the proportion of basic skills students who demonstrate skill gains.

These are the same two goals as in the interim plan issued by the HECB in December 2003. As expressed by the Workforce Board at that time, these goals are a positive step toward a focus on outcomes (number of student completers) and away from the past emphasis on inputs (student participation rates). It is also commendable that one of the two goals is responding to the state's economic needs.

The goal for job training completions is based on an old analysis. Workforce Board staff have just completed a new analysis of the supply, demand, and gap for completers of workforce education programs that are more than one year but less than four years in length. The State Board for Community and Technical Colleges (SBCTC) will now consider this analysis and whether it should modify its goal for the number of workforce education completers, including programs that are one year long or shorter. SBCTC's decision is expected after the scheduled HECB adoption of the Master Plan. Perhaps the Master Plan will need to be amended later in order to reflect a new goal for workforce education.

Also, as noted by the Workforce Board in 2003 in response to the interim plan:

[The interim plan] does not once provide any data regarding job openings in the state and the educational requirements to fill them. While the Workforce Board analyzes the educational requirement so job openings at the sub-baccalaureate level, no entity does this on a regular basis at the baccalaureate level or above. This is a huge gap in educational planning, and one that the Master Plan should correct.

This observation still holds.

## **Regional Planning**

The HECB policy proposal outlines a policy framework for “identifying academic program needs, and for planning, authorizing, and allocating higher education resources to meet those needs.” The framework would be used to identify when a community college could offer upper-division programs or a branch campus could admit lower-division students, and to allocate high-demand enrollments or other “regionally unique programs.” The framework consists of a “pathway” continuum of educational services. Point A would be “teaching sites” offering a limited array of courses and/or programs. Point B would be “higher education centers.” And Point C would be general academic institutions. Sites would be established and move on to being centers and general academic institutions as warranted by demand.

The policy proposal does not make clear the type of evidence of demand that would be the criteria for establishing teaching sites and for movement toward more complete institutions. It is not clear to what extent employer/economic demand, such as job openings, would be considered. As noted in the Workforce Board’s response to the HECB interim plan, there is no mention of economic clusters. The workforce development system is using a cluster-based approach to allocating resources, and the Governor’s subcommittee on economic vitality is moving in this direction. It would make sense for the Master Plan to be consistent with the state’s economic and workforce development efforts and to include cluster-based planning.

## **High Demand Fields**

The HECB calls for an ongoing process to identify fields of study for which there is unmet employer and student demand. The policy proposal includes funding high demand fields at a higher than average rate per student in order to reflect higher costs. The proposal does not specify a method or amount of appropriation for high demand fields.

As noted in the Workforce Board’s response to the HECB interim plan, the proposal for an ongoing system to allocate funds to fields of study with unmet employer demand is consistent with the positions taken by the Workforce Board. The Board noted that “Consideration should be given to broader changes in basic funding methods, not just enhanced funding of additional high demand FTEs,” in order to offset the financial disincentive institutions currently have to offer high-cost, high-demand programs.

The HECB policy proposal mentions that the Workforce Board and SBCTC have developed methodologies for identifying high demand fields. It would be useful if the Master Plan included collaboration among HECB, SBCTC, the Employment Security Department, and the Workforce Board in identifying high demand fields.

## **Outcome-based Funding**

The HECB proposes moving away from funding based on the number of students enrolled and toward funding based on the number of credentials conferred. The proposal notes that, “the community and technical colleges have missions that go beyond providing degrees. Many successful students leave these colleges without earning degrees but have obtained academic skills, job training skills or adult basic education.”

The note regarding community and technical colleges is an important caveat. While there is a strong logic behind moving to outcome-based funding, it remains to be worked out how to do this for community and technical colleges. Because outcome-based funding is a novel idea and there may be unintended consequences such as creaming and/or pressure to pass low performing students, it would probably be best to more thoroughly analyze the proposal, and begin on a pilot basis.

### **Student Financial Assistance**

There are three proposals for student financial assistance that are particularly supportive of workforce development. One is work study in high demand fields. This proposal would increase student work experience and provide employers with more workers in shortage areas at the same time as providing financial assistance to needy students. The second proposal is a new financial aid program for part time students. Currently, students must take at least six credits in order to qualify for financial aid. This requirement disqualifies many low-wage workers who are going, or would like to go to school part-time. The third proposal is to maintain the purchasing power of the Washington Award for Vocational Excellence (WAVE). The value of the award would go up with tuition.

### **Statewide Articulation and Transfer**

Key initiatives to improve articulation and transfer between institutions include a Web-based system of course equivalency and requirements for majors, and revising the current policy requiring community college transfer students to complete 90 credits at four-year institutions. These would be important steps in improving the efficiency of the higher education system.

### **Three-Year Baccalaureate Degree Programs**

As the name suggests, these would be programs that enable students to achieve a baccalaureate degree in three years. The proposal does not mention applied degrees, something that was included in the interim plan, and supported by the Workforce Board.

### **Improving K-12/Higher Education Linkages**

The proposal includes:

**A P-16 Cabinet** composed of the Governor, the chairs of the education and higher education committees, the Office of Superintendent of Public Instruction (OSPI), and the chairs of the State Board of Education (SBE), the HECB, the SBCTC, and the Workforce Board.

**A P-16 Advisory Group** composed of the directors of SBE, OSPI, HECB, SBCTC, the Workforce Board, a representative of the Independent Colleges of Washington, and a representative of the Washington Federation of Private Career Schools and Colleges.



**Regional P-16 Councils:** four councils including representatives of four-year institutions, two-year institutions, school districts, the Washington Education Association, the Association of Washington School Principals, the Washington Association of School Administrators, the Washington State School Directors Association, and the Washington Association of Career and Technical Education.

Under the HECB proposal, the P-16 advisory group would meet monthly, beginning in the fall of 2004 and prepare draft recommendations for the P-16 Cabinet to review by January 2005. After the adoption of the initial recommendations, these two bodies would meet quarterly.

While the proposal addresses the important issue of improving coordination of P-16 education, and the HECB is to be commended for including representatives of workforce education agencies, institutions, and stakeholders, the timing of the proposal might be better. Given that a new governor will be taking office in January 2005 and that it is critical for the governor to support the structure that is put in place, the proposal should have a timeline that enables the new governor to put his or her mark on the initiative.

### **Accountability, Performance Measurement, and Data Systems**

The HECB proposes establishing a new accountability system based on the goals of the Master Plan and a central unit record data system that would enable the HECB to measure progress and analyze results.

The intent of the new accountability system seems to be very consistent with the performance accountability system that the workforce development system has created. The devil is in the details that remain to be worked out. In doing so, it is important that the HECB recognizes that SBCTC and the two-year colleges have an excellent data system. As required by statute, the HECB will collaborate with SBCTC, the Workforce Board, and others in designing the new data system.

### **Governance**

The interim's plan proposal to merge the HECB, SBCTC, and the Workforce Board no longer appears.

### **Other Comments**

The new policy proposals do not address the need to increase adult basic skills education and to improve results by integrating adult education with occupational skills training. This was part of the interim plan and was commended by the Workforce Board.

The new policy proposals do not discuss the need to continue investments to retrain dislocated workers. The Workforce Board commented that this was also missing from the interim plan.

W A S H I N G T O N  
**H I G H E R  
E D U C A T I O N**  
C O O R D I N A T I N G   B O A R D

**DRAFT – May 10, 2004**

## **2004 Strategic Master Plan for Higher Education Overview of Policy Proposals**

This document contains preliminary policy proposals that are being considered for the final 2004 Strategic Master Plan for Higher Education.

**Goal 1:** Increase opportunities for students to earn degrees – increase by about 20 percent the total number of students who earn college degrees and complete job training each year.<sup>1</sup>

**Goal 2:** Respond to the state’s economic needs – expand opportunities in high-demand fields; increase state funding for university research; and increase the number of students who complete job training programs and the proportion of basic skills students who demonstrate skill gains.

### **Policy Proposals**

#### **1. Enrollment Allocation**

*Team Leader:* Gary Benson, (360) 753-7864 or garyb@hecb.wa.gov

The final plan will recommend how much new enrollment capacity is needed and when and how it should be apportioned based on geography, educational sector, state economic needs and other factors. This policy proposal recommends an approach to allocating enrollment and directly supports Goal 1 by providing the capacity for more students to earn degrees and Goal 2 by addressing economic needs.

#### **2. Branch Campuses and Regional Planning**

*Team Leader:* Jim Reed, (360) 753-7865 or jimr@hecb.wa.gov

Washington’s public higher education system does not have a clear and unified policy framework for identifying academic program needs, and for planning, authorizing and allocating higher education resources to meet those needs. This policy proposal outlines a model for defining the circumstances under which a community college could offer upper-division programs or a branch campus could admit lower-division students. The model also could be used to allocate high-demand enrollment and planning and authorize other regionally unique programs. This approach supports both master plan goals by creating more opportunities for students to earn degrees and responding to economic needs.

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<sup>1</sup> Estimated increase from 2001-02 to 2009-10.

### **3. Increase the Number of Degrees in High-Demand Fields**

*Team Leader:* Gary Benson, (360) 753-7864 or garyb@hecb.wa.gov

The policy proposal includes a recommendation that a portion of all new state-funded enrollments be dedicated to competitive grants in high-demand fields, with funding to reflect the higher cost of most high-demand programs. The board is proposing a comprehensive and ongoing assessment process to identify, on a regional basis, program areas with high student and employer demand. This proposal directly supports Goal 2 by identifying and responding to the economic needs of the state.

### **4. Funding Student Success**

*Team Leader:* Gary Benson, (360) 753-7864 or garyb@hecb.wa.gov

Promoting student success may require a new approach to the way higher education is funded. This proposal outlines a new incentive-based education budgeting model based on the number of degrees earned (outcomes) rather than just the number of students enrolled (inputs). This proposal supports Goal 1 for state budgeting and accountability purposes.

### **5. Student Financial Assistance**

*Team Leader:* Becki Collins, (360) 753-7872 or bekkic@hecb.wa.gov

The proposal outlines a six-pronged financial aid strategy that includes targeted investments in selected existing financial aid programs and the creation of a new financial aid program to serve students who work full-time while attending college part-time. The proposal supports Goals 1 and 2 by enabling students to earn degrees and responding to the state's economic needs.

### **6. Statewide Articulation and Transfer**

*Team Leader:* Nina Oman, (360) 753-7855 or ninao@hecb.wa.gov

This policy proposal calls for the creation of a statewide articulation/transfer system and policy to help students move easily between two-year and four-year colleges, and earn their degrees as efficiently as possible. This approach would improve efficiency in the transfer process and thus aid Goal 1.

### **7. Three-Year Baccalaureate Degree Programs**

*Team Leader:* Evelyn Hawkins, (360) 753-7890 or evelynh@hecb.wa.gov

This policy proposal recommends the creation of a program that would allow students to earn their bachelor's degrees in three years. There would be a strong incentive for the four-year institutions to pilot this approach if the state's funding system rewarded degree completions. Having such degree options would increase the opportunities for students to earn degrees and thus aid Goal 1.

**8. Improving K-12/Higher Education Linkages**

*Team Leader:* Jim Sulton, (360) 753-7800 or [jamess@hecb.wa.gov](mailto:jamess@hecb.wa.gov)

This policy proposal calls for the establishment of a statewide P-16 Cabinet, a statewide P-16 Advisory Group, and regional P-16 Councils to improve coordination, articulation, and transitions throughout Washington's education system. The board believes that strengthening the linkages between K-12 education and higher education will be critical to improving student success, and achieving Goals 1 and 2.

**9. New Accountability/Performance Measurement**

*Team Leader:* Nina Oman, (360) 753-7855 or [ninao@hecb.wa.gov](mailto:ninao@hecb.wa.gov)

This policy proposal calls for redesigning Washington's accountability system to align the priorities of colleges and universities with the strategic master plan goals and measure progress toward achieving these goals. The proposal would be consistent with a number of current initiatives, including the work of the National Collaborative for Postsecondary Education Policy, the Governor's Priorities of Government exercise, and House Bill 3103.

**10. Comprehensive Data and Information Management**

*Team Leader:* Nina Oman, (360) 753-7855 or [ninao@hecb.wa.gov](mailto:ninao@hecb.wa.gov)

The Higher Education Coordinating Board should be the state's primary source of student-focused information about higher education. HB 3103, as passed by the Legislature, describes a process for this to take place. The board's plan will take into account the strengths and weaknesses of existing systems of data collection and information sharing. This proposal supports the state's performance measurement requirements and the evaluation of the success of the master plan and its components.

**11. State Policy for Resident Undergraduate Tuition**

*Team Leader:* Betty Lochner, (360) 753-7871 or [bettyl@hecb.wa.gov](mailto:bettyl@hecb.wa.gov)

The lack of a state tuition policy makes it difficult for students and their families to plan for college costs and for state programs like the Guaranteed Education Tuition (GET) Program to plan for long-term sustainability. This proposal outlines a state tuition policy that keeps resident undergraduate tuition and fees predictable for Washington students and their families.

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**DRAFT – May 10, 2004**

## **2004 Strategic Master Plan for Higher Education Enrollment Allocation**

### **Overview**

Given the strategic master plan's goal of increasing the number of degrees earned, there are a few basic questions:

- How many more students are needed?
- Where will they attend college?
- How much will it cost?

To answer these questions, there is another series of questions that needs to be answered:

- Step 1: How many degrees are to be earned in the public and private sectors?
- Step 2: How many public sector enrollments are needed to meet the public sector goals?
- Step 3: How much of a change is this from current enrollments?
- Step 4: What is the physical capacity of the public institutions?
- Step 5: What is the regional demand for additional enrollment?
- Step 6: What are the funding needs for the additional enrollments?

The strategic master plan goals are stated in terms of the annual number of degrees earned in 2010. For example, the goal for the number of bachelor's degrees earned in 2010 is 30,000 – at both public and private institutions.

Strategic Master Plan Goals Degrees Earned in 2010	
Graduate Degrees	11,500
Bachelor's Degrees	30,000
Associate's Degrees <sup>1</sup>	23,500
Prepared for Work (long-term goal) <sup>2</sup>	25,000

<sup>1</sup> Includes both academic "liberal arts" and workforce education "non-liberal arts" associate's degrees.

<sup>2</sup> The goal of "Prepared for Work" is not exclusively a degree goal as it also includes, besides a share of the associate's degrees, certificates and/or a certain number of job training courses. This goal, adopted by the State Board for Community and Technical Colleges, is not for 2010 but rather for the "long-term" (some year prior to 2010). It is expected that the goal will be updated later this year.

## Analysis

### *Step 1: How many degrees are to be earned in the public and private sectors?*

A system of higher education that sets goals for degrees earned must include both the public and private sectors. The initial allocation table below is based on the historical shares between the two sectors. The assumption in this example is that the public and private sectors will grow at the same rates and that their shares will remain the same. The goal set for “prepared for work” is strictly a goal of the State Board for Community and Technical Colleges.

Allocation of Strategic Master Plan Goals: Degrees Earned in 2010				
	Public Share	Public Goal	Private Share	Private Goal
Graduate Degrees	57%	6,555	43%	4,945
Bachelor's Degrees	76%	22,800	24%	7,200
Associate's Degrees	93%	21,855	7%	1,645
Prepared for Work <sup>3</sup>	100%	25,000		

### *Step 2: How many public sector enrollments are needed to meet the public sector goals?*

The next step is to determine the number of FTE students required to reach the public sector goals. This requires looking at how many students are enrolled today compared to the number of degrees being earned.<sup>4</sup> For the purposes of this example, the comparison is made using the average for the four-year sector. The number of degrees per student varies by institution. This example does not change the current ratio of degrees earned to enrolled students and does not incorporate any new “efficiencies” in how many students it takes to produce a degree.

Public FTE Enrollments Needed to Meet 2010 Public Goals			
	Public Degree Goal	Degrees Per 100 Actual FTE Students	Annual FTE Enrollments
Graduate Degrees	6,555	32.8	19,985
Bachelor's Degrees	22,800	26.8	85,075
<b>Public Four-Years</b>			<b>105,060</b>
AA-Liberal Arts	14,424	24.5	58,873
Prepared for Work	25,000	33.1	75,529
Other CTC			25,031
<b>Public Two-Years</b>			<b>159,433</b>

<sup>3</sup> This goal has been adopted by the State Board for Community and Technical Colleges and pertains to the public institutions only.

<sup>4</sup> The type of data used in this analysis, the number of average annual full-time equivalent (FTE) students, is not readily available from the private sector institutions. These institutions do report the number of fall “headcount” students but this allows only an approximation to be made of average annual FTE students. By using the number of average annual FTE students, the comparison is really between the total number of credit hours being taught in a year and the number of degrees being earned.

Associate's degrees in the community and technical colleges are divided between "liberal arts" and "non-liberal arts." The "non-liberal arts" associate's degrees are a portion of the "Prepared for Work" category and the students needed for this goal are included there. In addition, some community and technical college enrollments (i.e., basic skills programs) are not part of either the academic or workforce education programs.

***Step 3: How much of a change is this from current enrollments?***

Meeting these degree-production goals will require growth of 33,000 more students than are currently enrolled in the state's public higher education system, or 48,000 more slots than are budgeted for 2004-05. The total number of public FTE students required to meet the strategic master plan goals is 264,000. In the 2003-04 academic year, 232,000 FTE students were enrolled. The amount of FTE students budgeted for the 2004-05 academic year is 216,000.<sup>5</sup>

Public FTE Enrollment Change Needed to Meet Goals					
	2003-04 Actual	2004-05 Budgeted	2010 Goal	Increase Over 2003- 04 Actual	Increase Over 2004- 05 Budgeted
Four-Years	90,203	87,629	105,060	14,857	17,431
Two-Years	141,605	128,412	159,433	17,828	31,021
<b>Total</b>	<b>231,808</b>	<b>216,041</b>	<b>264,493</b>	<b>32,685</b>	<b>48,452</b>

***Step 4: What is the physical capacity of the public institutions?***

All colleges and universities have restrictions on capacity due to either physical limitations or the institutions' individual strategic plans. As of 2002, the planned capacity (by 2010) and institutional strategic plans indicate that the four-year institutions in total will have enough classroom and lab space to accommodate 120,000 students. This is nearly 30,000 more FTE students than were enrolled in 2003-04. This compares favorably to an enrollment growth of 15,000 to meet the HECB's goal for the number of degrees earned. Some of these spaces are programmatically unfit and will require modernization. Additionally, enrollment growth at the existing four-year campuses will require creating new instructional support and student-service space. Plus, the location of much of the additional space (eastern Washington) may not match the growth areas of the state (the Puget Sound region).

Planned capacity at the two-year institutions is 92,600 FTE enrollments by 2010. Actual enrollment in 2003-04 is 141,600, which suggests that the system is already "over-capacity" by about 49,000 students. The system is currently accommodating the extra students in crowded spaces and using other spaces that are neither owned nor leased. Meeting the above goals would require additional capacity for another 18,000 FTEs by 2010.

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<sup>5</sup> This includes nearly 3,000 FTE students that were added in the 2004 Supplemental Operating Budget.

***Step 5: What is the regional demand for additional enrollments?***

A systematic approach to enrollment allocation will require that the enrollment slots be distributed among the institutions. This allocation will need to take into account not only the capacity issue described above, but also the geographic and program needs of students and the state's economy.

***Step 6: What are the funding needs for the additional enrollments?***

Finally, a systematic approach to enrollment allocation will need to consider the additional costs at each of the institutions for funding additional students. There are a number of considerations involved when funding additional students, such as: funding at the average cost per student, the marginal cost per student, or at the funding level of similar institutions in other states (peer averages). "High-demand" enrollment slots have been recognized as generally being more expensive and have been funded at higher amounts than "general" enrollments. There are funding differences between the sectors (research, comprehensive, and community and technical colleges) and between undergraduate and graduate level enrollments.

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**DRAFT – May 10, 2004**

## **2004 Strategic Master Plan for Higher Education Branch Campuses and Regional Planning**

### **Overview**

The state's community colleges and branch campuses were created to increase access to higher education and respond to the needs of "placebound" students. Today, changing student demographics, employer demand, community needs, and geographic disparities in students' college attendance make it even more important that the state's higher education system place a priority on regional planning and institutional flexibility.

One systemic weakness in Washington's existing public higher education system is the absence of a clear and unified policy framework for identifying academic program needs, and for planning, authorizing, and allocating higher education resources to meet those needs. A better approach is for decisions made by state officials about higher education policy and resources to be based on sound information about academic needs and priorities. That approach will help the state's higher education system create more opportunities for students to earn degrees, as well as respond to economic needs.

### **Analysis**

A more unified planning and policy framework would allow for a systematic basis to evaluate and define the circumstances under which a community college would be authorized to offer upper-division programs, or a branch campus be authorized to admit lower-division students. Additionally, this model could be used to allocate high-demand enrollment and planning and authorize other regionally-unique programs. A more unified planning and policy framework would:

- Offer a clear definition of the existing array of higher education resources;
- Explain the purpose and relationship of these resources;
- Establish the criteria and authorities by which these resources could change in response to emerging and changing student and regional needs; and
- Leverage existing and new resources in a coordinated and flexible manner.

This planning and policy framework would help create a higher education policy that is based on the academic needs of students, regions, and the state. Without such a framework, Washington State simply will not have a system of higher education that is responsive to its citizens and elected officials.

### ***Creating a better system***

By integrating the Higher Education Coordinating Board's existing statutory authority and policies for new degree program approval, off-campus acquisition approval, and regional and statewide needs assessment, the HECB would create a "Higher Education Resource Planning and Approval Policy" that would clearly designate and differentiate the types of educational programs and resources ("educational units") offered by the public institutions. Additionally, the policy would establish the criteria and process by which educational units are created and authorized to change in response to demonstrated need.

Educational units are a way of meeting demonstrated needs with a level of service that is cost effective and appropriate for the area. To that end, a *continuum* of educational resources or, as termed in the state of Texas, a "Supply/Demand Pathway" would be created. The Pathway would define the types of services being provided and establish the criteria for the units to evolve along the continuum.

The Pathway is a developmental approach to providing access and responsiveness that allows for an incremental increase of resources as enrollment demand increases. In addition, the Pathway allows for program needs to emerge and change in different areas of the state. The Pathway would rely on a regional-based needs assessment to demonstrate the need for new or different types of programs.

Conceptually, three points along the Pathway could be envisioned:

**Point A.** To ensure access in areas (geographical or programmatic) not served by other universities and colleges, institutions would be authorized to test actual need and demand for new programs by providing off-campus courses and/or programs at *Higher Education Teaching Sites*. Teaching Sites would offer a limited array of courses and/or programs and would not represent a permanent commitment. Institutions providing programs at Teaching Sites would not be authorized to own facilities. New Teaching Sites would be based on a preliminary region/area needs assessment. Also, the HECB could call for institutional proposals to create new Teaching Sites pursuant to regional needs assessments conducted by the HECB.

**Point B.** As demand increases at existing Teaching Sites or other underserved regions, institutions could request the HECB to authorize Higher Education Centers. A Center could be organized as a multi-institution teaching center or as a single university/college center – similar to branch campuses. The new HECB policy would articulate the organizational characteristics and requirements of the centers. Additionally, the new

policy would require that the HECB conduct a regional needs assessment – in consultation with the institutions and communities served – prior to authorizing/designating a Higher Education Center.

**Point C.** Four-year institutions operating upper-division and graduate level centers could request the HECB to review the status of a Center and recommend that the Legislature reclassify the unit as a general academic institution – a university/college, providing lower-division as well as upper-division and graduate programs. A Center could not be reclassified into a university/college without demonstrating sufficient enrollment demand. A proposed reclassification would be based upon these general criteria and specific regional needs assessment, as conducted by the HECB, in consultation with the institutions and communities served.

Community and technical colleges also could request that the HECB recommend that the Legislature reclassify a college as a baccalaureate institution, offering upper-division enrollment and baccalaureate degrees. The same rules for conducting a regional needs assessment would apply.

## **Next Steps**

The next step is a time-phased plan for developing and implementing the “Higher Education Resource Planning and Approval Policy.” The plan would establish milestones and assign responsibilities for incremental development and HECB approval of the new policy.

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**DRAFT – May 10, 2004**

## **2004 Strategic Master Plan for Higher Education**

### **Increase the Number of Degrees in High-Demand Fields**

#### **Overview**

Limited resources for public higher education make it even more important that education and training opportunities for students be aligned with the needs of the state's economy. If there is a demonstrated need for additional graduates from particular programs, it would make sense for the public higher education system to be emphasizing those areas. Fewer resources should be going to programs where there is not a demonstrated need for graduates.

Dedicating a portion of all new state-funded enrollments to "high-demand" fields will help the state's higher education system respond to economic needs by creating more space for students in certain fields of study.

#### **Analysis**

##### ***What is "high demand"?***

High-demand programs have two elements: (1) instructional programs or fields in which student enrollment applications exceed available slots, and (2) career fields in which employers are unable to find enough skilled graduates to fill available jobs.<sup>6</sup>

In addition, the Legislature has identified certain fields it believes are "high-demand." For baccalaureate institutions they include: (1) careers in nursing and other health services, (2) applied science and engineering, (3) teaching and speech pathology, (4) computing and information technology, and (5) viticulture and enology. Other fields may also be considered high demand if an institution can provide compelling information regarding specific regional student and employer demand.

For the two-year system, "high-demand fields" include: (1) health services, (2) applied science and engineering, (3) viticulture and enology, (4) information technology, and (5) expansion of worker retraining programs.

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<sup>6</sup> For a discussion of high-demand definitions, see "High-Demand Enrollment Reports, 2001-03, Overview and Executive Summary," Higher Education Coordinating Board, December 2002, and "High Demand – High Need – High Cost Enrollment Allocations, 2001-03," Council of Presidents' Interinstitutional Committee of Academic Officers, November 15, 2002.

### *The need for earmarked funding*

High-demand programs are often quite expensive – the cost per student of providing the program can be greater than average. Reallocation of funds within an institution's current budget is an important, but limited, source of high-demand funds. Colleges and universities regularly shift funding from among their various programs. But, because high-demand programs are often quite expensive, it is an over-simplification to assume that colleges and universities can shift enrollment allocations on a one-for-one basis from low-cost, low-demand programs to much more expensive high-demand programs.

### **Next Steps**

To help meet the state's economic needs and respond to employer and student demand the Higher Education Coordinating Board (HECB) will develop an ongoing method of identifying high-demand fields and programs based on student and employer needs and master plan goals.

### *Planning for the future*

The HECB will develop a comprehensive and ongoing assessment process to analyze the need for additional degrees and programs. The needs assessment will examine projections of student, employer, and community demand for education and degrees – including liberal arts degrees – on a regional and statewide basis.

The process will help identify, on a regional basis, program areas with high student demand for certain programs, as well as significant employer demand for graduates. It also will be able to "size" the overall problem. The State Board for Community and Technical Colleges and the Workforce Training and Education Coordinating Board have a methodology that aids in selecting high-demand fields. In addition, the Department of Employment Security provides occupational forecasts that can be compared to the production of degrees (keeping in mind that there is not always a straight line from a college major to an occupation). Industries sometimes prepare reports regarding their need for qualified workers. Institutions can also develop data on student demand for their programs.

This process will help identify high-demand programs, as well as help determine how many enrollment slots are needed. The final question is how to allocate high-demand funding: whether that should be done by the Legislature in the budget process; by the HECB and the SBCTC in a competitive bid process; or internally by the institutions.

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**DRAFT – May 10, 2004**

## **2004 Strategic Master Plan for Higher Education Funding Student Success**

### **Overview**

Maintaining a commitment to student success requires a new approach to the way higher education is funded; one that promotes and rewards completion of degrees and certificates, rather than merely funding the number of students who are enrolled.

This policy proposal outlines a new incentive-based education budgeting model based on the number of degrees earned (outcomes), instead of the current enrollment-based model (inputs). Relating funding to degrees ties directly to the proposed goals of increasing the number of degrees earned in Washington State. However, such a budgeting model may have to recognize the distinctions in public higher education among the research universities, comprehensive institutions, and the community and technical colleges.

### **Analysis**

The state budget currently funds each public college and university for a specified number of FTE enrollments, and each school manages its enrollment level accordingly. If an institution falls below this level, the Legislature has been known to reduce funding to that institution. While institutions do not necessarily want to exceed the budgeted FTE enrollment level by an excessive amount, they definitely do not want to go under.

A better approach to higher education funding, and one that has the potential of producing more degrees, is to redefine the way that institutions are managed.

### ***History of state funding methods***

During the late 1960s and the 1970s, enrollment at the state institutions doubled and state officials looked for an equitable way to distribute an increased amount of state funds. This gave rise to the use of “funding formulas.” Formulas were adopted that distributed state funds for “instruction,” “libraries,” “student services,” and “plant operations and maintenance.” Each of these areas had defined “budget drivers” such as faculty-student ratios, square footage, etc. During the late 1970s, the state began to pro-rate funding under each formula.

Beginning in the 1983-85 budget, the Legislature used “benchmarks” to establish minimum expenditure levels per student at each institution. The intent was to provide budget information that focused more on indicators that make up “educational quality” rather than on numbers of enrollment growth. Consideration was given to funding provided in other states for similar institutions (“peer institutions”).

### ***Enrollment-based funding today***

In practice, the state does “incremental budgeting.” This starts with the budget from the preceding year and adjusts for one-time costs and inflation, creating a “base” budget. New items are funded as specific “policy” decisions. Common policy enhancements include new enrollments and salary and benefit increases. During a recession, across-the-board reductions in state funding are a common “cut.” While the budget written in 1983 may have been partially based on an average-funding-per-student basis, since then, funding has been added or deducted incrementally.

### ***Determining the cost of a degree***

At the outset, the new approach to higher education funding would have to consider the cost of producing a degree. One simple way is to look at an institution's State General Fund expenditures and operating fees (tuition revenues), divided by the number of degrees conferred. Using this method, a bachelor's or graduate degree costs the state between \$20,000 to \$42,000. In addition, tuition provides another \$8,500 to \$14,000 per degree.

The Higher Education Coordinating Board's “2001-02 Education Cost Study” allows a differentiation between the average cost of bachelor's and graduate degrees. However, General Fund and tuition revenues are mingled. A bachelor's degree costs between \$28,000 and \$37,000, while an “average” graduate degree costs between \$18,000 and \$73,000.

A third way to determine the cost of a degree is to apply cost study data to an average graduating student's transcript.<sup>1</sup> This allows a separation between majors, as well as native versus transfer students. In 2001-02, a bachelor's in business cost between \$28,000 and \$36,000, depending on the type of institution and whether the student had transferred from another school. A bachelor's degree in social science cost between \$28,000 and \$31,000. Again, these figures incorporate both General Fund and tuition revenues.

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<sup>1</sup> See “Higher Education Branch Campuses in Washington State, Appendix C: Institutional Expenditures and Cost of Degree Attainment” by Annie Pennuci and Jim Mayfield, Washington State Institute for Public Policy, August 2003.

## Next Steps

### *Rewarding degree completion*

To implement “funding based on success,” the state could accept the current higher education budget and the current number of degrees earned as the “base.” An institution that is requested by the Governor and the Legislature to increase the number of degrees conferred would receive additional state funds at the appropriate amount per degree as a “policy add.” While the current budget specifies the level of budgeted enrollments at each institution, a budget based on degrees would specify the total expected number of degrees earned at each institution.

In implementing such a change, several issues need to be discussed. The primary concern may be that the community and technical colleges have missions that go beyond providing degrees. Many successful students leave these colleges without earning degrees but have obtained academic skills, job training skills or adult basic education. There also may be concerns about changes in college admission practices and degree requirements at any of the higher education institutions.

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**DRAFT – May 10, 2004**

## **2004 Strategic Master Plan for Higher Education Student Financial Assistance**

### **Overview**

State law declares that “financial need shall not be a barrier to participation in higher education” (RCW 28B.10.786). The Higher Education Coordinating Board (HECB) believes the state must maintain its longstanding commitment to higher education opportunity for all students, regardless of income. To ensure that needy students continue to have the opportunity to attend college and complete degree and job training programs, the state must maintain – and in some cases enhance – its commitment to the spending power of its aid programs. In 2002-03 alone, 131,000 (30 percent) of Washington’s 435,000 students required some form of need-based student financial aid to meet their higher education costs.

Targeted investments in financial aid can play a key role in ensuring continued college opportunity for all Washington students, regardless of income, and helping the state achieve the goals outlined in the 2004 Strategic Master Plan for Higher Education. To address both needs, the Board proposes a six-pronged financial aid strategy:

- 1. Fund the State Need Grant (SNG) program to provide grants for 100 percent of tuition to students with family incomes at 65 percent of the state’s median and serve all students eligible for the grant.** This will assure the state’s lowest-income students that the SNG will meet the cost of tuition at a public institution, allowing them to enroll and persist in higher education programs and improving their likelihood of earning degrees. It also will provide funding for about 10,000 additional low-income students each year.

*Outcome:* More low-income students will attend college and persist toward their degrees.

- 2. Increase funding for the Educational Opportunity Grant (EOG) program to provide more financially-needy transfer students the opportunity to earn bachelor’s degrees.** An investment in EOG-eligible transfer students is an efficient way to increase the number of placebound students earning bachelor’s degrees. Students who receive the EOG already hold associate degrees, require only about two more years to complete bachelor’s degrees, and are ready to benefit from upper-division study. (A December 2000 HECB study found that EOG recipients earn credits faster than their upper-division peers.) Funding increases would be proportionate to increases in the state’s bachelor’s degree production goals.

*Outcome:* More students with associate degrees will transfer to four-year colleges and universities and complete their bachelor's degrees. In addition, these students will complete their degrees more efficiently than their upper-division peers.

3. **Fund a new initiative under the State Work Study (SWS) program for the employment of financially-needy college students in high-demand career fields.** Increasing the number of student employment opportunities in high-demand fields would directly increase the number of college graduates trained to work in identified high-demand fields. Classroom education is only the first step in preparing students for the workforce. Employers frequently report that practical experience is a critical element to success on the job. Funding increases would be in proportion to increases in high-demand enrollments.

*Outcome:* More students will graduate – and have work experience – in high-demand fields.

4. **Provide consistent funding and predictable awards for the Washington Promise Scholarship to motivate high school students to prepare for college.** Consistent funding and predictable awards for the Promise Scholarship would improve K-12 / higher education linkages by motivating students in middle and high school to study hard and prepare for college. The scholarship was intended to provide a “promise” of two years of tuition to academic achievers upon graduation from high school. The program has never been funded sufficiently to provide for awards equal to community college tuition. The Scholarship remains subject to annual budget adjustments and the overall spending power of the awards has eroded by over one-third since the program's inception.

*Outcome:* The Promise Scholarship will motivate students to prepare for college and take middle and high school seriously.

5. **Develop a new financial aid program covering the costs of tuition and books to support adults who work full-time and go to college part-time.** Financial aid for full-time workers to pursue part-time education will enable workers to gain valuable, bankable skills and improve the knowledge and abilities of Washington's workforce. In the year 2000, there were 953,000 Washington residents over 25 years of age who had a high school diploma, but no additional postsecondary education – 25 percent of the 25-and-older population. Many of these workers are currently shut out of higher education opportunities. They do not have the time to take six credits to qualify for financial aid, and they do not have the money to pay for part-time study on their own. Part-time study could help workers in these situations to improve their skills and their economic prospects.

*Outcome:* More full-time workers will pursue higher education, earn certificates and degrees, improve individual earnings, and meet their employers' needs for a trained workforce.

6. **Maintain the purchasing power of all other state financial aid programs, including the Washington Scholars, Washington Award for Vocational Excellence (WAVE), and regular SWS programs.** Maintaining the purchasing power of all state aid programs will improve higher education persistence and help more students earn degrees. Funding increases for WAVE and Washington Scholars will be linked to tuition and fee increases. Increases to the core SWS program will be in proportion to increases in general enrollments.

*Outcome:* The state will continue to make good on its commitment that cost should not be a barrier to higher education, increasing enrollment and participation in higher education.

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**DRAFT – May 10, 2004**

## **2004 Strategic Master Plan for Higher Education Statewide Articulation and Transfer**

### **Overview**

The lack of a unified transfer system and policy in Washington creates unnecessary barriers for students who begin their academic careers at the state's community and technical colleges. According to the 2004 Legislature, "while community and technical colleges play a vital role for students obtaining baccalaureate degrees ... current policies and procedures do not provide for efficient transfer of courses, credits, or prerequisites for academic majors."<sup>1</sup>

Currently, courses throughout Washington's higher education system are titled and numbered differently, even if they cover equivalent content. Transfer students who often do not know which four-year college they will ultimately attend must wade through these different policies to identify which courses will meet the general and major requirements at each institution. And, state policy essentially limits students to transferring only two years of lower-division coursework from a community college, even though most bachelor's degrees require *more than* two years of lower-division coursework.

A statewide articulation/transfer system and policy would help transfer students move easily between the two-year and four-year colleges, and earn their bachelor's degrees as efficiently as possible. Key initiatives would include:

- Establishing a statewide Web-based automated course equivalency and major applicability system that would clearly spell out course equivalencies and "major" requirements at each institution to students; and
- Revising the current state policy that requires community college transfer students to complete 90 credits at public four-year colleges or universities.

By 2010, over 17,000 students are expected to transfer from Washington community colleges to public and private four-year colleges and universities – up from over 14,000 students in 2002-2003. Improving transfer efficiency will help the state achieve Goal 1 in the 2004 Strategic Master Plan for Higher Education and contribute to increasing the number of students who earn bachelor's degrees by 5,500 by the year 2010.

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<sup>1</sup> Substitute House Bill 2382, Sec. 1.

## Analysis

### *A statewide course equivalency and major applicability system*

Each public four-year college and university has developed tables for students to use when transferring from two-year colleges. However, there is no one statewide system that (1) maps all courses at public and private two-year and four-year colleges and universities to one another, and (2) outlines how each course maps to “major” requirements. A centralized and automated course equivalency and major applicability system would make course equivalencies and major requirements transparent to students.

Adding electronic transcripts to this system would make it easier for transfer students to submit their courses for credit review, and easier for four-year institutions to evaluate and process transfer student applications and transcripts. Although some colleges are already using electronic transcripts, this number could be expanded to include all major public and private colleges in the state.

As the automated system becomes more developed, students could be required to select and gain admittance to their majors prior to transfer. Orientation classes on how to select majors (similar to the freshman orientation classes offered at four-year colleges) could be offered at community colleges. The Higher Education Coordinating Board (HECB) and the four-year colleges and universities would need to work together to create alternatives for students unable to gain entrance to their first choice of major and/or institution.

Finally, state policy and legislation has recently focused on the development of major-specific associate degrees that serve as a guide for students planning to transfer to a four-year college. When the automated system is fully developed, students would potentially no longer need to complete separate associate degrees tailored to meet the requirements of different majors. Instead, they could view on-line guides and use the system to assess how their courses apply to majors at different schools in the state.

### *A revised statewide transfer/articulation policy*

Different majors require different mixes of lower- and upper-division credit. Few majors require that exactly one-half of a student’s studies be composed of lower-division credits.

However, current statewide transfer policy requires students transferring from community colleges to complete a minimum of 90 quarter credits toward their bachelor’s degrees at the public four-year colleges and universities. This requirement forces students to complete credits at a four-year college instead of a community college, limiting their choice and flexibility.

The HECB is proposing a new state policy that would allow students to transfer in more than 90 credits from a community college, with an equivalent reduction in the number of credits they would need to complete at the four-year college or university.

To measure the effectiveness of this revised policy, HECB staff would collect baseline information to determine the number of credits students currently lose in the transition between community college and baccalaureate admission. Staff would compare this baseline data to data collected after the new policy is implemented. Staff also would periodically survey transfer students and students intending to transfer to measure the usefulness of the automated credit equivalency and major applicability system.

Estimated costs for the course equivalency and major applicability system, based on an automated system developed in New Jersey, would total \$1.1 million for initial implementation, and \$500,000 for maintenance in each subsequent year. Costs to revise the 90-credit policy would be absorbed by the HECB.

### **Next Steps**

The HECB will convene a work group to identify equivalent courses and develop strategies for communicating course equivalency to students, faculty, and advisors. The HECB then will submit a progress report on the development of the course equivalency system, including various options and cost estimates of ongoing maintenance, to the Legislature by January 10, 2005.

HECB staff will work with institutional representatives throughout the summer to implement flexibility in credit limits for transfer students and present a draft revised state transfer policy to the Board by September 2004.

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**DRAFT – May 10, 2004**

## **2004 Strategic Master Plan for Higher Education Three-Year Baccalaureate Degree Programs**

### **Overview**

Increasing access for higher education at a time when funding constraints and continually declining state resources are putting a squeeze on enrollment requires a new focus on helping students graduate more quickly. One approach is to create a program that would enable students to earn a bachelor's degree in three years.

Such a program would increase the number of state-funded enrollment slots available to new students, while also reducing the number of excess credits earned by students. Ultimately, the program would increase opportunities for students to earn degrees, and by focusing on high-demand degrees, the program could help respond to the state's economic needs. Further, a three-year bachelor's degree program could save money – both for students and for those who provide public and private subsidies for educating students.

### **Analysis**

Institutions would design curriculums by discipline that allow students to earn their degree within three years. As envisioned, three-year baccalaureate degrees differ from traditional four-year degrees only in the period of time in which a student earns the degree. A student earning a three-year bachelor's degree in a given major is expected to master the same or similar curriculum content as is the student earning a four-year bachelor's degree in that major.<sup>1</sup>

Some students have legitimate reasons for taking five or even six years to complete a four-year program and, in fact, research has shown that some of these students are more likely to eventually earn a degree. Nevertheless, others, such as the more traditional students – younger, dependent, and directly out of high school – may derive multiple benefits from being able to earn a bachelor's degree in three years. Students can save money on tuition and fees, living expenses, and loan debt. Students who go on to pursue a graduate or professional degree may also benefit from the shorter time spent in undergraduate education. Students going directly into the workforce after earning a bachelor's degree would benefit as well.

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<sup>1</sup> Institutions in other states have similar programs. See for example:  
<http://www.clarkson.edu/chemistry/programs/undegrees.html>; <http://www4.nau.edu/3year>;  
<http://www.emich.edu/aac/threeyracbs.htm>; and <http://www.sou.edu/Admissions/3yb.shtml>.

### ***How the program might work***

An incentive-based approach could ask students to commit to a three-year program upon entering their freshman year. If the student is unable to graduate within three years because of institutional factors – such as not having a course available in the term a student needs to take it – the school would agree to pay the tuition and fees for any additional terms.

### ***Local control for institutions***

While student choice is probably not something that schools can affect, having three-year degree curriculums available for students to follow would make three-year bachelor's degrees more easily attainable and thereby more common.

Allowing colleges and universities to design their own three-year baccalaureate degree programs will help ensure success. The institutions are in the best position to determine which curricular programs are viable and reasonable options for completing bachelor's degrees in the shortest amount of time.

While programs exist for students to get a jump-start on earning their degrees (i.e., Running Start and College in the High School), the three-year baccalaureate degree programs are expected to primarily address the needs of students who have not participated in such programs.

## **Next Steps**

The expectation is that two to three institutions would agree to develop three-year baccalaureate degree programs with a start date of fall 2005. Institutions would have the choice to initially limit the disciplines for which these curricular programs are offered. The intent, however, is that eventually students will have access to three-year programs in all disciplines.

In designing their programs, institutions should consider a number of issues, including:

- Whether the program will focus on specific majors or include all disciplines;
- Whether students would be better served by a program focused on increasing course-taking opportunities; adding a more comprehensive summer program; or developing new integrated-discipline courses of more than the typical 3-5 credits; and
- Whether the program should provide more intensive academic counseling, as well as a monitoring process that assures that students are on-track.

### ***Program cost***

Incentive-based programs may require that institutions be responsible for some tuition and fee costs. Students attending year-round could have an effect on state financial aid programs. Additionally, there may be costs to the state if institutions receive funding based on degree production with incentives based on the number of three-year baccalaureate degrees awarded each year.

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**DRAFT – May 10, 2004**

## **2004 Strategic Master Plan for Higher Education Improving K-12/Higher Education Linkages**

### **Overview**

Washington's education system is fractured and suffers from a lack of coordination and communication. Each sector within the system has separate governing structures, funding streams, missions and goals, and programs and policies. Yet each sector shares a common goal of educating Washington residents.

Strengthening the linkages between K-12 education and higher education will be critical to improving student success, and achieving Goals 1 and 2 of the 2004 Strategic Master Plan for Higher Education. The Board envisions an integrated and seamless system of education from preschool through the fourth year of college. Washington students would move quickly and easily between educational levels and across sectors.

Specifically, this policy proposal calls for the establishment of a statewide P-16 Cabinet, a statewide P-16 Advisory Group, and regional P-16 Councils to improve coordination, articulation, and transitions throughout Washington's education system.

### **Analysis**

#### ***Statewide P-16 Cabinet***

The statewide P-16 Cabinet would be composed of the Governor, the chairs of the House and Senate education and higher education committees, the Superintendent of Public Instruction, and the chairs of the State Board of Education (SBE), State Board for Community and Technical Colleges (SBCTC), Workforce Training and Education Coordinating Board (WTECB), and Higher Education Coordinating Board (HECB).

#### ***Statewide P-16 Advisory Group***

The statewide P-16 Advisory Group would include the directors of the following state agencies: State Board of Education, Office of the Superintendent of Public Instruction, State Board for

Community and Technical Colleges, Workforce Training and Education Coordinating Board, and the Higher Education Coordinating Board. The advisory group also would include a representative from the Independent Colleges of Washington and a representative from the Washington Federation of Private Career Schools and Colleges.

### ***Regional P-16 Councils***

Four regional P-16 Councils would cover the broad regional areas of the state (northwest, southwest, northeast, and southeast). Each regional council would include at least one representative from a public four-year college or university, at least two representatives from area community and technical colleges, at least four representatives from area school districts, and one representative each from the Washington Education Association, Association of Washington School Principals, Washington Association of School Administrators, Washington State School Directors Association, and Washington Association for Career and Technical Education.

### ***How the P-16 Groups would work***

The statewide P-16 Cabinet would set statewide P-16 policies, establish the guiding principles, objectives, and outcomes, and communicate key messages.

The statewide P-16 Advisory Group would conduct an audit of policy and program issues that cross sectors, review key P-16 efforts already underway, develop a prioritized sequential list of issues to address, and submit recommendations to the P-16 Cabinet.

The Regional P-16 Councils would help to implement the priorities and policies adopted by the P-16 Cabinet. They also would regularly report to the P-16 Advisory Group with recommendations for improvements and identification of additional areas of concern.

### ***Potential P-16 issues***

P-16 issues might include:

- Enhancing teacher preparation and professional development;
- Improving students' college readiness;
- Defining subject-specific competencies;
- Aligning the college preparatory curriculum with college admissions and placement practices; and
- Expanding dual-enrollment options.

## **Next Steps**

### ***A proposed timeline***

The P-16 Advisory Group would meet monthly, beginning in fall 2004, with the goal of presenting draft recommendations to the P-16 Cabinet for its review by January 2005. Following the adoption of these draft recommendations, the P-16 Cabinet and P-16 Advisory Group would hold quarterly meetings. Regional P-16 Councils would be created after the P-16 Cabinet has adopted the guiding principles, objectives and outcomes.

### ***Program costs***

Each participating agency and organization would absorb the initial costs of the P-16 Cabinet and P-16 Advisory Group. Staff then would develop cost estimates for each proposed project for review by the P-16 Cabinet by January 2005.

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**DRAFT – May 10, 2004**

## **2004 Strategic Master Plan for Higher Education New Accountability/Performance Measurement**

### **Overview**

Washington's higher education accountability system has not been reviewed since its creation in 1997. Its purpose is unclear and our current performance indicators seem to have little relation to institutional or state goals. The National Collaborative for Postsecondary Education Policy underscored the need for a new state accountability system, stating in a recent policy audit, "Accountability is not systematically used to help focus institutional attention on a limited number of state priorities."<sup>1</sup>

This policy proposal recommends redesigning Washington's accountability system to do the following:

- Align the priorities of Washington colleges and universities with the goals outlined in the 2004 Strategic Master Plan for Higher Education; and
- Effectively measure statewide progress toward achieving these goals.

### **Analysis and Next Steps**

The Higher Education Coordinating Board (HECB) has the authority to make recommendations for the state's existing accountability system. House Bill 3103, which the Governor recently signed, strengthens the HECB's role in accountability. The legislation charges the HECB with "establishing an accountability monitoring and reporting system as part of a continuing effort to make meaningful and substantial progress towards the achievement of long-term performance goals in higher education."

HECB staff have proposed the following basic approach to redesigning Washington's accountability system. Institutional involvement will be required at every step if accountability reporting is to have any impact on improved performance.

#### ***Step 1: Define the Purpose of State-Level Accountability***

HECB staff have proposed the following purpose of state-level accountability:

"Accountability should provide students, legislators, leaders of educational institutions, business leaders, and others interested in higher education with accurate, consistent information on system-wide progress toward state goals in higher education, including details that support policy development."

This definition lays the groundwork for selecting appropriate performance indicators and supporting data.

### ***Step 2: Align Performance Indicators with State Goals***

HECB staff are working with institutional researchers and academic planners, appointed by the provosts at the public four-year colleges, to develop performance indicators that measure progress toward the goals outlined in the 2004 Strategic Master Plan for Higher Education. Representatives from the private institutions also may participate. Staff from the HECB and the institutions will present their results at the July 22 Board meeting.

### ***Step 3: Collect Data that Measures Performance Toward State Goals and Provides a Basis for Policy Decisions***

Staff may need to collect new data at the student level to provide a more complete picture of progress toward state goals. For example, the state does not have employment information for students graduating from four-year institutions (although it is available for students from two-year colleges). Detailed data are required in these and other areas to provide a sound basis for policy analysis and recommendations.

It may be most efficient to require data submittal at the student level rather than as a series of reports from each institution. In addition, performance indicators need to be broken down by race/ethnicity, gender, age, and/or state region. The same group of staff working to develop performance indicators is working on a list of data elements to support the HECB's reporting and policy needs. Staff from the HECB and the institutions will report to the Board on July 22.

### ***Other issues***

- **Reports:** Accountability reports must include contextual information to help the reader understand more about the state's system of higher education. Population demographics, enrollment funding, K-12 preparation, and transfer student preparation all impact the number of degrees produced in our state and therefore should be part of the statewide accountability report produced every year.
- **Private Institutions:** Data about private institutions are not currently included in state accountability reports. Yet, the important role private institutions play in providing access to higher education should be considered in the analysis of statewide enrollment capacity, program supply, and degree production. Currently, private institutions participate in publicly-funded financial aid programs and report data on students receiving need-based aid. We also have access to some private institution data through national surveys. Additionally, our accountability report should include data about the private institutions according to the extent of their participation in publicly-funded programs.

***Keeping accountability flexible***

As new measures and priorities emerge, our accountability system should change. Assessments of student learning, inclusion of private institutions, and employment data will change the picture that the HECB, working with the institutions, can provide to the public and others interested in higher education. Accountability should be monitored at least once every two years to ensure that it is meeting its purpose.

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**DRAFT – May 10, 2004**

## **2004 Strategic Master Plan for Higher Education Comprehensive Data and Information Management**

### **Overview**

The Legislature has directed the Higher Education Coordinating Board (HECB) to “develop and recommend statewide policies to enhance the availability, quality, efficiency and accountability of public higher education in Washington State ... based on objective data analysis.” To carry out this responsibility, the HECB requires access to detailed data and information regarding student progress throughout Washington’s education system. And yet, currently the data are either inaccessible or insufficient to meet the Board’s needs.

This policy proposal calls for the creation of a statewide unit record database that does the following:

- Includes comprehensive student-level performance data, such as degrees granted, credits taken, student mobility, and post-enrollment employment;
- Includes public and private colleges and universities;
- Supports policy analysis and development; and
- Leverages existing systems to the highest degree possible.

The creation of this comprehensive unit record database will be essential to measuring state progress toward the goals and strategies of the 2004 Strategic Master Plan for Higher Education.

### **Analysis**

In order to accurately follow student progress and to support objective policy analyses, data are required for ALL students that provide a complete picture of academic progress – from application to choosing a major to earning a degree. Ideally, student-level data from colleges and universities could be linked to data from other agencies, such as the Department of Employment Security, to answer questions about the return on the state’s investment in higher education and economic responsiveness. Data from colleges and universities also could be linked or combined with data from preschool through 12<sup>th</sup> grade, as is now done in Texas, for example.

### *A review of current data sources*

A few data sources currently exist, but none are sufficient to meet the HECB's needs.

- **Data from Washington Public Colleges/Universities:** HECB staff collects information from the public colleges and universities for various reports and projects. The process is inefficient and time-consuming. In addition, data are often not comparable, with each institution defining information requests slightly differently.
- **National Survey Data:** HECB staff occasionally use the Integrated Postsecondary Education Data System (IPEDS) and other national surveys as data sources. However, these data are not available at the student level.
- **Office of Financial Management (OFM):** OFM staff collects and uses student-level data to report enrollment and other higher education statistics. However, HECB staff does not have access to the raw data. And, the OFM database does not contain information about student outcomes, such as grades or degrees.
- **State Board for Community and Technical Colleges (SBCTC):** SBCTC staff collects detailed student-level information on all students attending Washington community and technical colleges. HECB staff cannot access this data. And, the data does not include information on students who attend the private or public four-year institutions.
- **Unit Record for Need-Based Aid Recipients:** HECB staff collects student-level data about students who receive need-based aid in Washington. But again, the data are based on only a subset of students attending the state's colleges and does not include information about outcomes, such as grades or degrees.

### *A look at other states*

Many other states have already built student-level or unit record databases. The Lumina Foundation commissioned the National Center for Higher Education Management Systems (NCHEMS) to examine existing state record systems and found the following:<sup>1</sup>

- 37 states have established operational unit record databases managed by a state university system or SHEEO agency.<sup>2</sup>
- Twelve states include some information on private colleges and universities in their databases.
- About one-half of the states with databases also link to other state-level databases, including high-school records and wage records.

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<sup>1</sup> Peter T. Ewell, Paula R. Schild and Karen Paulson, National Center for Higher Education Management Systems, "Following the Mobile Student: Can We Develop the Capacity for a Comprehensive Database to Assess Student Progression?", Lumina Foundation for Education Research Report, April 2003.

<sup>2</sup> SBCTC's student record database containing only records of community and technical college students was counted in the Lumina study, but it does not truly reflect a statewide database for all students.



## Next Steps

### *Step 1: Identify the data needed*

The HECB will convene a research advisory group to “identify the data needed to carry out its responsibilities for policy analysis, accountability, program improvements, and public information,” as outlined in House Bill 3103 (Sec. 12). The research advisory group will include representatives from the following organizations: public and independent colleges and universities, State Board for Community and Technical Colleges, Office of the Superintendent of Public Instruction, Office of Financial Management, Department of Employment Security, and Workforce Training and Education Coordinating Board. The HECB will convene this group in June 2004.

### *Step 2: Develop various options with costs*

HECB staff will present a report outlining various options, including costs, to the Board for its consideration by August 2004.

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**DRAFT – May 10, 2004**

## **2004 Strategic Master Plan for Higher Education A State Policy for Resident Undergraduate Tuition**

### **Overview**

Washington, like many states, does not have a long-term state tuition policy for resident undergraduate tuition. This makes it difficult for students and parents to plan for college costs and for state programs like Washington's Guaranteed Education Tuition (GET) Program to plan for long-term sustainability.

Washington needs a state tuition policy that keeps resident undergraduate tuition and fees predictable for Washington students and their families. Specifically, this policy proposal includes the following recommendations for resident undergraduate tuition and fees at Washington's public two- and four-year colleges and universities:

- Tuition and fees would not increase more than 31 percent over any consecutive four-year period (7 percent annual growth over four years);
- Annual tuition increases would be spread as evenly as possible over this four-year period; and
- No annual increase would exceed 10 percent.

Individual public colleges and universities that believed they could not adequately operate within this tuition framework would be able to negotiate performance contracts with the Office of Financial Management and the Higher Education Coordinating Board, with final approval by the Legislature. Performance contracts would offer greater flexibility in setting tuition while requiring a greater level of institutional accountability. Participating colleges and universities would be required to offset any additional program funding requirements resulting from the tuition increases.<sup>1</sup>

### **Analysis**

#### ***Washington's tuition cycle***

Resident undergraduate tuition rates at Washington research universities have increased an average of 7 percent annually over the past 20 years. While actual increases in any one-year

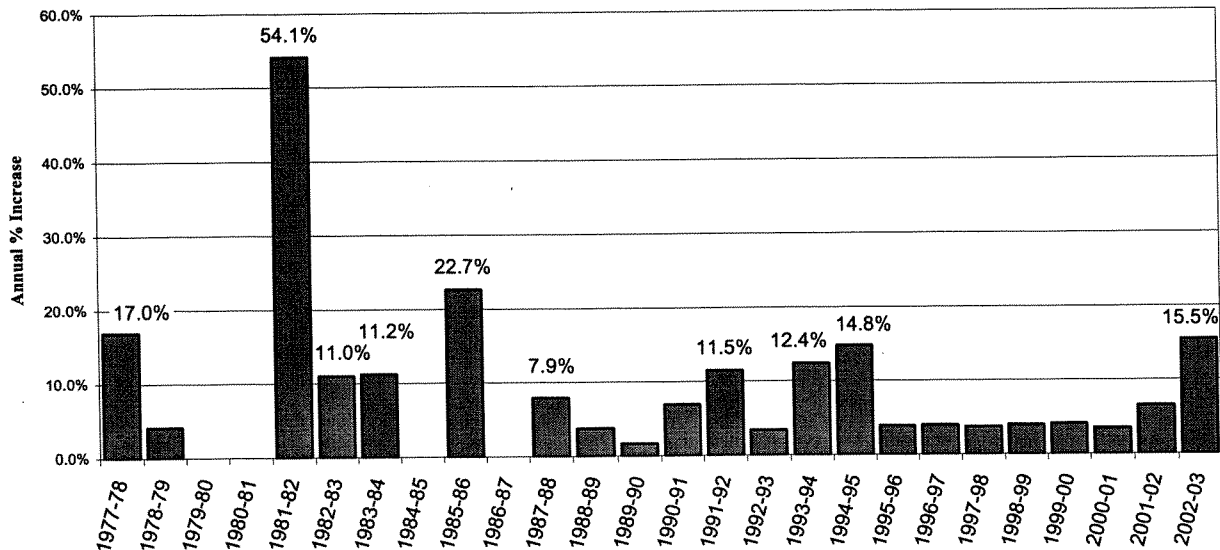
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<sup>1</sup> Financial aid and GET programs.

have varied dramatically, the long-term average hovers around 7 percent. Yet, these tuition increases have been neither gradual nor predictable. Significant spikes in tuition have occurred in every recession since the 1970s.

Like many other states, Washington’s tuition increases often follow a cyclical pattern. When the economy is good and state revenue is high, state policymakers adopt moderate tuition increases. When the economy sours and state revenue plummets, state policymakers try to plug budget gaps with sharp tuition increases. This cyclical pattern results in higher tuition hikes during recessions when demand and unemployment are highest and family incomes are flat or rising only slightly.

**Annual Tuition and Fee Increases Over Time (1977-2002)**  
**Resident Undergraduate Tuition at Washington Research Universities**



### ***Washington’s historical approach to setting tuition***

From 1977 to 1995, the Legislature and Governor set tuition as a percentage of the cost of instruction. Under this “cost-sharing” approach, the student contributed a portion of the cost and the state provided the remainder. From 1995 to 1999, the Legislature and Governor set specific limits on tuition increases of 4 percent per year. Since 1999, local four-year boards and the State Board for Community and Technical Colleges (SBCTC) have been allowed to set specific rates within the following maximum limits:

1999-2000: 4.6 %	2002-2003: 16 %, 14%, 12%
2000-2001: 3.6 %	2003-2004: 7%
2001-2002: 6.7 %	2004-2005: 7%

## **Conclusion**

Washington's ability to fully fund the higher education needs of our students has been severely curtailed over the years. As state revenues have failed to keep pace with increasing budgetary demands, higher education funding has been insufficient to meet the needs of our existing student population, let alone provide the necessary funding needed to prepare for the influx of additional students anticipated over the next decade.

Setting a state tuition policy in this environment is complex and difficult. The policy must provide predictability to Washington students and families, ensure sustainability for state-funded programs tied to tuition, and allow Washington's public colleges and universities to continue to provide a quality education.

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